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Final Edition ESTABLISHED OVER 100 YEARS In 2 Sections—Section 1

The Commercial and
FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 158 Number 4228 New York, N. Y., Thursday, November 11, 1943 Price 60 Cents a Copy

Individual Freedom And Economic Planning

By DR. WILLIAM F. HAUHART

Dean, School of Business Administration, Southern Methodist University

Dr. Wm. F. Hauhart

The trend from an individualistic economy to increasing governmental control has been so strong in the United States in recent years that some persons have seriously asked whether we have absorbed an alien economic philosophy between the two wars. Certain public men and economists take the position that our present economic system is doomed, because, in their opinion, it is no longer able to meet adequately the needs of the people and keep them all employed. An entirely new economic order is therefore ardently advocated. This new system aims to take the responsibility for economic production from individuals and put it into the hands of the Government. There is usually a tacit assumption that this change will, beyond a doubt, eliminate most of our economic ills. Our government dur-

(Continued on page 1880)

In This Issue

Special material and items of interest with reference to dealer activities in the States of Illinois and Wisconsin appear in this issue.

For Illinois see page 1874; Wisconsin, page 1914.

General index on page 1916.

Investment Bankers Association Of America Holds 32nd Annual Meeting In New York City

John C. Folger is Elected President for 1943-1944 At I. B. A. Stream-Lined War-Time Session

The thirty-second Annual Meeting of the Investment Bankers Association, abbreviated this year because of war-time restrictions, was held in New York City at the Waldorf-Astoria Hotel Nov. 3, 4 and 5, and was devoted to a study of the problems of war and post-war finance.

John C. Folger

Officers inducted at the meeting were: John C. Folger, Folger, Nolan & Co., Washington, D. C., President; Albert T. Armitage, Coffin & Burr, Inc., Boston; Vic E. Breeden, R. H. Moulton & Co., San Francisco; Julien H. Collins, Harris, Hall & Co., Chicago; Albert H. Gordon, Kidder, Peabody & Co., New York, and Edward Hopkinson, Jr., Drexel & Co., Philadelphia, Vice-Presidents.

Among the principal speakers at the meeting were Fred M. Vinson, Director of Economic Stabilization; George W. Spinney, President of the Bank of Montreal; John F. Fennelly, Executive Director of the Committee for Economic Development; John C. Folger, the new President, and Jay H. Whipple, the retiring President.

A special feature was a forum devoted to the problems of financing the Government during the war and financing enterprise after the war. Speakers at that session were Edward B. Hall, former IBA President, now serving as Assistant to the Secretary of the Treasury; Albert P. Everts, partner in Paine, Webber, Jackson & Curtis, who is Chairman of the Massachusetts War Finance Committee of the Treasury Department; Albert T. Armitage, Coffin & Burr, Boston; H. Fred Hagemann, Jr., The Boatmen's National Bank of St. Louis; John S. Loomis, The Illinois Co. of Chicago, and Percy M. Stewart, Kuhn, Loeb & Co., New York City.

The membership committee reported that the Association now has 598 members, 578 active members and 20 in the new "Inactive" classification. This latter class of membership was authorized by amendment to the by-laws at the annual meeting in October, 1942.

Of particular interest in the report of the Finance Committee was a table giving the condition of the Association's finances during each of the past 20 years, the increase or decrease in the par value of the invested surplus representing quite accurately the net results of each year's financial operations because of the policy of keeping all available surplus funds invested.

An NASD Blunder

Maximum Profit Decree Affecting Security Transactions Condemned

By A. M. Metz and E. A. Kole*

In a letter addressed to its members dated Oct. 25, 1943, the NASD dealt them a stunning blow.

The letter started innocently enough by giving the title of the legislative act under which the Association was created. Here it is:

"AN ACT

"To provide for the establishment of a mechanism of regulation among over-the-counter brokers and dealers operating in interstate and foreign commerce or through the mails, to prevent acts and practices inconsistent with just and equitable principles of trade, and for other purposes."

That bit of history seemed necessary because the Board of Governors was about to pontificate on the subject of "just and equitable principles of trade" from a profit motif.

We read on:

"The Board of Governors believes that, in the light of its experience over the past four years, and with the record before it of the practices of the industry as shown by the study of questionnaires so far examined, the time has arrived when it can express its philosophy on what constitutes a fair spread of profit."

To arrive at its **philosophy** the Board refers to Section 1 of Article III of the Associa-

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*Editor's Note—Messrs. A. M. Metz and E. A. Kole are members of the New York Bar and have successfully defended litigation involving "market price" and "mark up" practices.

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Looking Into The Post-War World

John F. Fennelly Regards Higher Production Level Solution To Unemployment, Inflation And National Debt Problems—Thinks New Capital Requirements Will Be Enormous In Post-War Period And That Interest Rates Will Gradually Work Higher Over Period Of Years

Visualizes Price Level 50% Above 1940 And Federal Budget Of $20 Billion For First Post-War Decade—Discusses Termination Of War Contracts, Disposal Of Government Owned Plants And Surpluses And Taxation

"Investment banking is faced with a great opportunity and a great responsibility" in the post-war world and new capital requirements will be enormous, said John F. Fennelly, Executive Director of the Committee for Economic Development, in a speech delivered on Nov. 4 before the convention of the Investment Bankers Association in New York City, who added that "new high levels of production will not be attained unless the necessary capital is forthcoming, and unless, God forbid, we are to continue the wartime practice of looking to Government as the chief source of capital, investment bankers must measure up to the task that lies ahead."

John F. Fennelly

Pointing out that the outstanding problem for all will be to avoid the twin dangers of mass unemployment and mass Government employment, Mr. Fennelly asserted that, if higher levels of production can be rapidly attained, "the employment problem will largely take care of itself, the great threat of post-war inflation will be eliminated or greatly reduced, and the problem of balancing our Federal budget and carrying the tremendous load of governmental debt can be solved."

Directing attention to important points with respect to the CED objective, Mr. Fennelly stated that "we are convinced that there is no more dangerous phrase than the term full employment, which is now so widely used." "If," he said, "by full employment we mean guaranteeing work to every man, woman and child in the

(Continued from page 1884)

SEC Bid and Asked Disclosure Plan Would Snuff Out Small Dealers and Impair Nation's Whole Economy

Would Drive Business Into Hands Of Large Firms, Strangle Venture Capital, Restrain Production And Strike Another Blow At Democracy In Favor Of Regimentation And Bureaucracy

What small dealer, exclusively or largely engaged in the over-the-counter business, could take time and provide the costs and services to comply with the proposed price or profit disclosure rules and make a living? That thousands of small dealers will be compelled to close their doors if such rules are imposed may be definitely forecast.

The proposed rules of the SEC on disclosures, which would in effect make a dealer reveal the wholesale price, or in other words the profit he expects to make on a trans-

(Continued on page 1888)

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G. B. Duval Heads Guaranty Trust Dept.

Eugene W. Stetson, President of the Guaranty Trust Co. of New York, has announced the appointment of Gordon Bisland Duval as Second Vice-President in charge of the bank's municipal bond department. Mr. Duval has been associated with Halsey, Stuart & Co. as assistant to the Vice-President in charge of municipal bond buying. He was born in Houma, La., on May 19, 1907, and was graduated from Princeton University in 1929.

Gordon B. Duval

Kirchofer & Arnold Open New D. C. Branch

Kirchofer & Arnold, Inc., investment bankers of Raleigh and Charlotte, North Carolina, and New York, announce that, in association with J. G. White & Co., Inc., it is opening a branch office at 729 15th St., N. W., Washington, D. C.

R. C. Kirchofer, President of Kirchofer & Arnold, said that the opening of the Washington branch office is a move in the direction of extending its facilities in servicing investors throughout the Southeast.

A Message to Holders Of Municipal Bonds

Lebenthal & Co., 135 Broadway, New York City, odd lot municipal bond specialists, have issued a folder entitled, "A Message of Importance to Holders of Municipal Bonds," in which is included a chapter on the value of tax exemption and the record of payment of municipal bonds versus other securities. Copies of this interesting folder may be had from Lebenthal & Co. upon request.

Hofer In Washington

WASHINGTON, D. C.—Myron A. Hofer, member of the New York Stock Exchange, is doing business from offices at 815 Fifteenth Street, N. W.

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CINCINNATI, O.—C. H. Reiter & Co., Union Trust Building, members of the Cincinnati Stock Exchange, have admitted Percy W. Yowler to partnership in their firm. Mr. Yowler has been with C. H. Reiter & Co. for some time as Manager of the Bond Department.

Interstate Aircraft Engineering Attractive

Interstate Aircraft and Engineering Corporation offers interesting possibilities, according to Fred W. Fairman & Co., 208 So La Salle St., Chicago, Ill., members of the Chicago Stock Exchange. Copies of an attractive 35-page brochure describing I. A E. C. will be sent by Fred W Fairman & Co. upon request.

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Thursday, November 11, 1943

Published twice a week
every Thursday
(general news and advertising issue)
and every Monday
(complete statistical issue—market quotation records, corporation, banking, clearings, state and city news, etc.)

Other Offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

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Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 3, 1879.

Subscriptions in United States and Possessions, $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year.

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Dealers Virtually Unanimous in Condemning NASD Profit Limitation Decree

Our Editor was literally swamped with letters, telephone calls and personal visits from dealers from all parts of the country who were bent on condemning the action of the NASD in arbitrarily issuing a decree limiting the profit of its members. As many comments as can be accommodated in this issue are given below. (As in the past, we are fully observing the dealer's request that neither the firm's nor his identity be revealed.) The only favorable one received is included. Additional ones will appear in next week's paper unless the decree is rescinded in the interim. This seems quite likely judging from a press dispatch in the New York "Tribune" on Sunday indicating that the action of the NASD may not receive the full backing of the Securities and Exchange Commission. It was intimated in the "Tribune" account that some of those in the SEC thought that this would be a good opportunity to press their bid and asked disclosure proposal which is opposed by just about everybody in the industry. In any event, if the NASD profit limitation rule is not rescinded shortly or the SEC insists on promulgating a bid and asked disclosure rule it is now obvious that the fight against both will not stop short of Congressional action. The subject of the bid and asked disclosure rule is discussed in a separate editorial appearing on page 1870. "An NASD Blunder" is the caption of an article on the profit limitation decree which those interested in the subject will wish to read, too. It starts on the outside front cover.

DEALER NO. 1

How can the NASD reconcile its 5% profit ceiling on securities with the fact that it permits its members dealing in oil royalties to take 50%?

DEALER NO. 2

Thank you for the stand that you are taking against this further encroachment by the NASD in its 5% profit limitation proposal. First they tried to establish a minimum capital requirement, now a maximum profit. It is damnable that I have been driven at the point of a gun into an association which, by virtue of the dues I pay, should endeavor to help me stay in business, but on the contrary seeks to drive me out.

On the sale of 100 shares of stock at a price of $3 a share they would limit me to a mark up of $15, less $3.05 transfer taxes, or a net of $11.95. For this I have to call on the customer, get his order and check, transfer the stock and make delivery, all time and expense consuming and all for the munificent sum of $11.95. Of course the NASD probably considers that pure profit and conveniently disregards all overhead expense, including the annual dues which they have "hiked" 50%. Frankly speaking the NASD is as much help and need to me as a sixth toe and I will not in the future be governed by their inequitable ukases, but rather by my own sense of fair practice.

I am living for the day when we can throw off the yoke that regulation and regimentation has fastened about our necks. I regret that I must ask you not to use my name in any public reprint for it is foolish to invite the American Gestapo to one's door. However, I will gladly contribute to a fund to fight this rotten proposal.

DEALER NO. 3

Thought you might have lost sight of something. You are the best Champion the Securities Dealers of America have. The big boys in the NASD timed that 5% missile very nicely to suit themselves. Do you know that dues were payable by almost all members

(Continued on page 1873)

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No Currency Dilution And Increasing Productivity Key To Post-War Debt Problem: Spinney

President Of The Bank Of Montreal Stresses Need For Assuring Holders Of Government Bonds That They Will Be Repaid In Coin With Same Purchasing Power As When They Relinquished It

Believes Desire To Save Can Be Projected Into Post-War Years If Act of Saving Continues To Be Respected And People Know That Savings Will Be Respected—Sees This As Meaning Abandonment Of Philosophy That Private Enterprise Is Played Out And That Full Employment Can Only Be Achieved By Continuous Government Spending

In response to a suggestion that he say a few words about the economic aspects of Canada's part in the war, George W. Spinney, President of the Bank of Montreal, speaking before the annual convention of the Investment Bankers' Association of America, in New York on Nov. 4, made the observation that "undoubtedly you have a very practical interest in Canada, not only as an ally in a great endeavor but also because in the days of peace United States investors acquired something like a $4,000,000,000 stake in our country in the form of security investments and branch plant ownership." "Moreover," he said, "judging by records of day-to-day security transactions across our border, this investment has been increasing even during the war years."

George W. Spinney

As bearing on the Canadian situation, Mr. Spinney has the following to say:

"You may have observed that while our Dominion Government is today spending at about 11 times the peacetime rate, over 88 cents of every dollar of this expenditure goes directly for war purposes and part of the remainder represents the indirect cost of the war.

"You will know something of the tremendous industrial expanson that is one of the material results of this war expenditure.

"You may have observed also that in the present fiscal year we expect to cover about half of our $5,500,000,000 of expenditures by taxation.

"When I tell you that a Cana-

(Continued on page 1882)

Churchill Sees 1944 As Climax Of European War—Warns Victory Will Be Costly In Lives

Prime Minister Churchill declared on Nov. 9 that the year 1944 will see "the climax of the European war" but warned that it "will see the greatest sacrifice of life by the British and American armies, and battles far larger and more costly than Waterloo or Gettysburg will be fought." In stating that "we must all brace ourselves for that task and strain every nerve for its successful accomplishment," Mr. Churchill cautioned that "this is no time for relaxation or for thoughts on the joys of peace and victory." The Prime Minister expressed the hope that those people who "may speak of an early end of the war in Europe prove right" but he said that it would be foolish "if we allowed our plans and actions to be based upon the prospect of an early collapse in Germany."

In his speech at the Lord Mayor's luncheon in London, Mr. Churchill also reviewed the past year of "almost unbroken victory in every theatre and on every front," mentioning Africa, Sicily, Italy and the war on the U-boats, but proclaimed the "glorious advance" of the Russian Army as "the outstanding event of this famous year." He also rated the Anglo-American air attack on

(Continued on page 1911)

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Reorganization plan proposed by Interstate Commerce Commission has been approved by United States District Court and must now be submitted to bondholders for vote. Urgent that all holders of above securities send names and addresses, with amounts and issues held to undersigned.

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York Corp. Attractive

Common stock of the York Corporation offers an interesting situation, according to a memorandum issued by Peltason, Tenenbaum, Inc., Landreth Building, St. Louis, Mo. Copies of this memorandum may be had upon request from Peltason, Tenenbaum, Inc.

Attractive Situations

Gisholt Machine Co., Stromberg-Carlson, and Haloid Co. offer attractive situations, according to memoranda prepared by Herzog & Co., 170 Broadway. New York City. Copies of these interesting memoranda may be obtained upon request from Herzog & Co.

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Business and Finance Leaders Laud B. M. Anderson Plan To Promote Peace-Reemployment

A. F. Whitney, Labor Union Leader, Criticizes Program

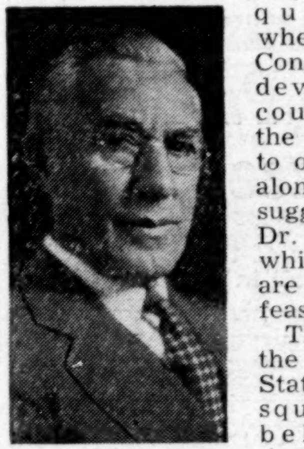
That the government itself can make probably the greatest single contribution toward maintaining production and employment at permanently high levels following the war emergency was emphasized by Dr. Benjamin Anderson in his article captioned "What Can The Government Do To Promote Post-War Re-Employment?", which appeared in the "Chronicle" of Oct. 21. The author, who was formerly economist of the Chase National Bank of New York City, and is now Professor of Economics at the University of California, Los Angeles, set forth a program of policies which the government can and should adopt in order to permit business and industry to do the job which is essentially the function of private enterprise and not that of government: maintain production and, consequently, provide employment at high wages.

Since publication of the article, a large number of individuals both in and outside of finance and industry have favored the "Chronicle" with their views regarding Dr. Anderson's thesis and the program of governmental policy suggested. A considerable number of these comments appeared in these columns on Nov. 4; others are given below and additional ones will be published in subsequent issues.

◆

DAN W. HOGAN

President, City National Bank & Trust Co., Oklahoma City


Dan W. Hogan, Sr.

Our ship of State has had to carry such tremenodus loads during the past ten or twelve years that it is leaking badly and there maye be some question whether our Congress can develop the courage and the patriotism to overhaul it along the lines suggested by Dr. Anderson, which I think are sound and feasible.

The press of the United States should squarely get behind Dr. Anderson's theory that "There is no master mind able to solve the eco-

(Continued on page 1894)

New Orleans Traders Elect Jos. H. Weil

NEW ORLEANS, LA.—At the annual meeting of the New Orleans Security Traders Association, the following officers and directors were elected for the ensuing year:

Joseph H. Weil

President, Jos. H. Weil, Weil & Arnold; Vice-President Jac. P. Ducournau; Secretary-Treasurer, F. P. Breckenridge, Assistant Vice-President of Whitney National Bank.

Directors in addition to the officers are: J. W. Kingsbury, Kingsbury & Alvis, and Robert M. Woolfolk, Woolfolk, Huggins & Shober.

NY Security Dealers Elect New Members

At a meeting of the Board of Governors, Irvin Hood, Cohu & Torrey, and Sidney L. Feibleman, T. J. Feibleman & Co., were elected to membership in the New York Security Dealers Association.

The application of Peabody, Tyner & Co. Inc. for transfer of active membership from Kemper F. Peabody to Harry MacCallum, Jr., was approved.

The application of Syle and Co. for transfer of active membership from Frank Yale Cannon to Leslie F. Tarbell was also approved.

Robt. McIntyre Co. Opens In San Antonio

SAN ANTONIO, TEX.—Robert McIntyre has formed Robert McIntyre Company with offices in the Milam Building, to conduct a securities business specializing in Texas Municipal bonds. Mr. McIntyre was formerly a principal of McIntyre-McRoberts & Co.

Bioren & Co. To Admit

PHILADELPHIA, PA.—Bioren & Co., 1508 Walnut St., members of the New York and Philadelphia Stock Exchanges, will admit Walter D. Larzelere to partnership in their firm on December 1st.

ADVERTISEMENT

NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number five of a series.*

SCHENLEY DISTILLERS CORP., NEW YORK

The Past Ten Years

Just ten years ago an amendment to the Constitution of the United States was repealed. A free and an articulate people had spoken its piece. And so that "ignoble" experiment of a democratic people was written off, as an accountant would say, "with a loss." For we did lose something. We lost, temporarily, that most precious of all things that civilized man has striven for since long before the Magna Charta... respect for the sacred rights of the individual; respect for constitutional authority. Just turn back to the chapter in our history that deals with the prohibition period. See the "scars" that illustrate its pages. Not long ago they were still livid; now they are paled by the healing influence of time. But they are still vivid in the memory of those of us who lived, perhaps precariously, through that period. Not a pleasant picture, in retrospect.

Now we are again at WAR. Now we really are fighting with every ounce of our resources and our manhood and womanhood—to continue our way of life—our right to think and talk and worship as we please—our right as individuals. So that it can't happen again, let us visit, mentally, the chamber of horrors of the prohibition period. Let us compare that period with "the last ten years."

And, let us who are forced by various circumstances to stay at home while our sons are absent fighting for us—let us guard the home front against all manner of schemes that could wreck us from within. And, in passing, may we remind those who just can't think of all things these days: ten years ago the Alcoholic Beverage Industry began providing much needed revenue for our government which reached a point where its total was second only to the National Income Tax! Ten years ago the Alcoholic Beverage Industry began providing work for thousands in its own industry and in related industries—when there were twelve million to fifteen million jobless in America, willing and anxious to work.

Ten years ago the Alcoholic Beverage Industry began providing a market for millions of bushels of surplus grain for which there was no market; when crops were being plowed under, and when farmers were paid for not raising instead of raising normally revenue-producing foodstuffs. And, ten years ago, the Alcoholic Beverage Industry began the construction of new plants and the rehabilitation of old ones which were literally converted "overnight" to the making of precious alcohol for wartime purposes when the emergency arose. Not a drop of whiskey is being made today by any legal American distillery. The whiskey which is now being voluntarily rationed to the trade... and in many places by the trade to the consumer ... was made in peacetime. THE PAST TEN YEARS! Think of the preceding ten years... years of prohibition which did not prohibit.

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Dealers Virtually Unanimous In Condemning NASD Profit Limitation Decree

(Continued from page 1871)

on Oct. 1st AND so they showed real "smartness" in waiting to make their decision known until after Oct. 1st as they did. That is supposed to be FAIR DEAL by their body. No one can tell me they don't sit up nights to wonder how they can do such things. How can anybody resign without having his name blazed before SEC by NASD under suspicion. If the NASD had rendered that decision before Oct. 1st members just would have omitted paying their next year's dues and lost membership automatically while if they resign after dues payment they must subject themselves to a checkup by NASD before being permitted to become effective. Smart boys in NASD and SEC just as there are smart boys all around the world. My suggestion is that an organization be formed to combat SEC-NASD and called Unlisted Security Dealers of the U. S. A. and be for protection of dealers.

DEALER NO. 4

We were profoundly impressed by the article in the Oct. 28 issue on the subject "Securities Business Could Not Survive Under NASD Rule Limiting Profits."

This article certainly covers in a thorough going manner a trend in the policy of the governors of NASD that, for the sake of the securities industry, should be scotched before it goes any further. That tendency is to increasingly stifle the earnings of the profession. This is in direct conflict with the increasingly higher ethics that are demanded of the profession. If this unrealistic trend continues there will be one result for certain—the small dealers will have to go out of business. They cannot possibly survive.

The article in question brought out a very important point. That was the wholly fallacious argument that a 5% profit limitation should be applied to the whole profession. Such a ruling would be undemocratic, unAmerican, and would smack of a bureaucratic dictum because it would not be based on any vote or expression of opinion by the membership which constitutes the NASD. Perhaps the membership has nothing to say about it. Such may be the case.

The point you brought out that in any survey to determine the mark-up practice of every dealer firm, the large houses doing a volume of business should be excluded from the survey, was excellent. The large houses are in the minority. They are located in the financial centers. They enjoy a large volume of business and consequently can make profits with a much smaller margin.

But what about the vastly greater number of smaller dealers in all the lesser communities in our nation which are doing an outstanding job in servicing their clients? What is their composite opinion about the average mark-up which they must have in order to stay in business. That question, we think, should be answered.

Another fallacy in the whole line of reasoning of the NASD governors is the theory that because a small dealer has no commitment in an issue, and he buys it in the market as he makes the sales, that it thus becomes "riskless." This theory could not be possibly farther away from the truth.

The small dealer has a very personal list of clients. He has painstakingly built them up during the course of the years by care-

(Continued on page 1910)

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Railroad Securities

Many rail men have recently been inclined to adopt a more conservative attitude toward the highly speculative sections of the railroad market, on the theory that regardless of how high the post-war level of railroad traffic and earnings may be this group will be particularly vulnerable marketwise to recurring waves of peace psychology. Too many speculators have had drilled into them the idea, fallacious as it may be, that railroad securities are undesirable holdings for the post-war.

In groups not supported by better informed investment buying in periods of general weakness it is felt that indiscriminate selling on any actual signs of the approach to the end of even the European war will bring a sharp paring of prices. With this in view there is a constantly expanding search for those situations where present prices are adequately supported by investment values but where there is still some room for speculative action if speculative favor for the rails should continue for a further extended period.

In this category the Kansas City, Fort Scott 4s, 1936, recently selling around 70, appear to offer interesting possibilities. Late in October it was announced that the various bondholders groups of the St. Louis-San Francisco had reached an agreement as to a proposed allocation of the new securities in reorganization. The original plan had been turned down by the court on the ground that the RFC and RCC had received preferential treatment at the expense of the other bondholders. This phase of the controversy was cleared up by compromise settlement of the claims of these agencies in cash. As the new proposal holds fairly well within the bonded debt and capitalization originally suggested by the Commission it is felt that the new compromise proposal has an excellent chance of success.

Under the new proposal the Fort Scott bonds are allocated $61.34 in cash, $733 par value of new 1st Mortgage bonds, and $267 in new income 4½s. Deducting the cash from the recent selling price of the old bonds gives an indicated appraisal of $638.66 to the new securities. On this basis the market is evaluating the new 1st Mortgage bonds at 87 and giving no consideration at all to the prospective issue of new Income bonds. Even in a severe war psychology market it is felt that the new 1st Mortgage bonds would be selling at a better level than 87 as a sound investment in a newly reorganized company. Thus, intrinsic investment worth is more than sufficient to support the present price of the old Fort Scott, an ideal situation for those inclined to adopt an optimistic view toward the probable further duration of the war.

At the same time that the present price is adequately supported by real investment value there is an obvious element of speculative promise in the Income bonds to be received. They will be worth at least something in the market no matter how pessimistically the public may view the railroad picture. In the event of a favorable speculative market the new Incomes might even command a price as high as 60 which would add approximately 16 points to the value of the old Fort Scott bonds. While this may not appear as a large potentiality percentagewise in relation to what one has become accustomed to in the reorganization field, it is a most adequate potentiality when weighed against the lack of investment risk inherent in present price levels.

The final consideration is the attractive yield afforded if the bonds are viewed as an investment. On the basis of only the fixed interest the income return on the "net" price of the bonds, after deducting the proposed cash distribution, would be around 4.6% and on the basis of both fixed and contingent interest on new securities it would be over 6%.

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American Metal Co. Has Interesting Situation

Arnhold and S. Bleichroeder, Inc., 30 Broad St., New York City, have prepared a detailed study of American Metal Company, Ltd., which the firm believes offers an interesting situation. The present setup of the company is somewhat outmoded and if the possibility of reshaping this should materialize there could be a considerable appreciation in the price, the study declares. Copies of the study discussing the situation in detail may be had from Arnhold and S. Bleichroeder, Inc., on request.

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Chicago Recommendations

Adams & Co., 231 South La Salle Street, Chicago, will send on request a recent analysis of **National Terminals Corporation.**

* * *

Brailsford & Co., 208 South La Salle Street, have compiled an analysis of **Chicago Surface Lines Junior Securities**, dated Oct. 27. Also available on request are September earnings record of **Chicago, North Shore & Milwaukee Railroad.**

* * *

Caswell & Co., 120 South La Salle Street, have recent figures on **Reliance Steel Common** and these data will be sent by the firm upon request.

* * *

Cruttenden & Co., 209 South La Salle Street, have compiled recent data on **Chicago, North Shore & Milwaukee Railroad** and on **Republic Drill & Tool Co.**, which will be sent on request.

* * *

Enyart, Van Camp & Co., 100 West Monroe Street, will send on request quotations on **Chicago and Surburban Bank Stocks.**

* * *

Fred W. Fairman & Co., 208 South La Salle Street, have prepared late data on **Interstate Aircraft & Engineering Corporation** and this descriptive brochure will be sent on request.

* * *

Faroll Brothers, 208 South La Salle Street, have prepared recent analysis of **Merchants Distilling Corporation** and copies are available on request. This stock was recently qualified for sales in Missouri.

* * *

Leason & Co., Inc., 39 South La Salle Street, have prepared a memorandum covering **Northwestern Elevated Railroad Co. First Mortgage 5% Bonds** due Sept. 1, 1941. This outlines the proposed treatment of these bonds under the Unification and the proposed Municipal Ownership Plans. Copies with dealer's imprint will be supplied at a nominal charge on request.

The firm has also prepared a study showing the practicability of public ownership of the **Chicago Surface and Elevated Lines.** Ask for **"Chicago Tractions Under Municipal Ownership."**

* * *

E. H. Rollins & Sons, Inc., 135 South La Salle Street, show latest data on **Wisconsin Hydro Electric Co.** 6% preferred stock in their new four-page analysis which is available on request.

* * *

Selected Investment Company, 135 South La Salle Street, have prepared an interesting booklet on Selected American Shares, Inc., entitled **"Outstanding Facts About Selected American Shares, Inc."** Copies of this folder may be obtained upon request.

* * *

Straus Securities Co., 135 South La Salle Street, have prepared up-to-date reports on **Central Paper Co. Common** stock, **Leece-Neville Co. Common** stock and **Kerlyn Oil Co. Class A** stock. These recent analyses will be sent on request.

Thomson & McKinnon in their current **"Weekly Review"** accord first place to the **Rubber Stocks**, reviewing the prospects for the industry and giving market statistics and estimated earnings of the leading companies.

Their **"Bond Review,"** this week, is confined to the **Rails**, with articles on **Western Pacific** and on the **St. Louis-San Francisco Reorganization Plan.**

In this connection might also be mentioned their recently issued, separate release **"Railroad Reorganizations — Progress and Capital Write-downs"** which enumerates some guiding principles very interesting to holders of rails, whether stocks or bonds.

During the past month they have also issued a special letter entitled **"Suggested Changes to Improve Tax Position"** embodying provisions of the statute, investment policy, market action, long-term gains and short-term losses. While not as recent as the other releases mentioned above, this article is nevertheless very pertinent and timely.

Any of the above is free on request. Address inquiries to **Thomson & McKinnon's Statistical Library**, 231 South La Salle Street, Chicago 4.

* * *

Strauss Bros., Board of Trade Bldg., have prepared a late bulletin entitled **"World Sugar Bowl,"** a significant review of Cuba's strategic place in the world sugar picture. Copies of Bulletin, together with reports containing interesting conclusions on securities of two Cuban sugar companies, sent on request.

NASD District No. 8 Nominating Committee

District No. 8 of the National Association of Securities Dealers, Inc., including the States of Illinois, Indiana, Iowa, Michigan, Nebraska and Wisconsin, has appointed the following committee: William A. Fuller, William A. Fuller & Co., Chicago, Chairman; William H. Brand, The Wisconsin Co., Milwaukee; Roy W. Leriche, Wheelock & Cummins, Inc., Des Moines; Elwood H. Schneider, E. H. Schneider & Co., Kalamazoo.

Nominations will be made to fill terms expiring Jan. 15, 1944. Regular candidates will be named for successors to the following officers: W. S. Gilbreath, First of Michigan Corp., Detroit; Howard F. Allen, Central Republic Company, Chicago; Paul S. Grant, The Milwaukee Company, Milwaukee; Walter E. Kistner, A. C. Allyn and Company, Chicago; John J. Quail, Quail & Co., Davenport.

Howard F. Allen is Chairman of the District No. 8 Committee.

Stanley Cgo. Exch. Member

CHICAGO, ILL. W. Edwin Stanley, partner of Mitchell, Hutchins & Co., 231 South La Salle Street, was elected to membership in the Chicago Stock Exchange by the Executive Committee, it is announced.

Chicago Brevities

The award by **Cook County, Ill.**, embracing the **City of Chicago**, of a new $8,346,000 funding bond issue to the firm of Seipp, Princell and Company provided about the liveliest topic of conversation in La Salle Street circles last week, aside from the break in the stock market. This bond issue for some time had been the subject of considerable interest, because the law firm of **Chapman & Cutler**, which normally passes on new flotations of Chicago governmental units, had declined to submit an approving legal opinion, until certain of the claims to be funded were certified by the Illinois Supreme Court in a test suit.

When the bids were taken by the county last week, two offers were submitted, one by the firm of **Seipp, Princell and Company** and another by **Halsey, Stuart & Co., Inc.**, and associates. **Seipp, Princell**, with whom the firm of **Doyle, O'Connor & Co.** is associated, specified that it would accept the legal opinion of **Chapman & Cutler** or that of any firm of bond attorneys acceptable to the bidder. **Halsey, Stuart** conditioned its bid on receipt of an approving opinion by **Chapman & Cutler.**

Action by the county in awarding the bond issue was delayed for 24 hours after the bids were opened, and was preceded by a one-hour public session by the finance committee of the board of commissioners. Representatives of both bidders appeared at the meeting to press for acceptance of their offers. **P. P. Princell**, Vice-President and Secretary of **Seipp, Princell and Company**, informed the commissioners that he was reasonably certain that he would be able to obtain an approving legal opinion on the flotation within a short period of time, and he obtained the award. At the weekend there were unsubstantiated reports in La Salle Street that the firm had obtained an approving opinion.

Term of Flotation

The new bond issue is dated Oct. 1 and matures in 20 years. The bonds, however, are optional serially 1945-61. The purpose of the issue is to fund all outstanding judgments and unpaid bills of the governmental unit as of Dec. 1, 1942, the beginning of its current fiscal year. The funding operation was authorized by an act of the last session of the **Illinois Legislature.**

The $8,346,000 of claims included in the issue is composed of outstanding judgments and interest of $3,620,000 and unpaid bills amounting to $4,726,000. The validity of the judgments already has been determined by the **Illinois Supreme Court**, and the firm of **Chapman & Cutler** expressed a willingness to approve a bond issue to fund those items. The law firm, however, declined to approve a bond issue to fund the unpaid bills, until the validity of them was also established by Supreme Court action.

The winning bid of **Seipp, Princell and Company** was par for the first $3,633,000 of the issue as 1¾% securities and for balance of $4,713,000 as 2½s. The $3,633,000 of 1¾s are to be delivered by Dec. 1. They will be optional in the amount of $500,000 in each year 1945-51, and $133,000 would be callable in 1952. The $4,713,000 of 2½s are to be delivered on or before Dec. 15 and will be optional in the amount of $367,000 in 1952, in equal annual amounts of $500,000 from 1953 through 1960, and $346,000 in 1961.

Halsey, Stuart Bid

The **Halsey, Stuart** account bid for the issue as all 2¼% securities, naming a premium of $120,024, the equivalent of 101.4381. Under this bid, the issue was to be split into two parts, each of which was to be covered by separate resolutions of the board of commissioners. The first part was to cover the $3,620,000 of judgments and interest, and the second part was to cover the $4,726,000 of unpaid bills. The first part was to be delivered by Dec. 1 and the second part at such time in the future as could be agreed upon by the county and the bidder. Under this bid, it was understood that the question of the validity of the $4,726,000 of unpaid bills was to be submitted to the Supreme Court. Both parts of the issue were to be delivered accompanied by **Chapman & Cutler** opinions.

The question of which bid to accept posed a complex question for county fiscal officials. The firm of Seipp, Princell had named the lowest interest cost, if the cost were computed to the actual maturity date of the bonds. Figured to the call dates of the bonds, the Halsey, Stuart bid had named the lowest interest cost.

Figured to the full 20-year maturity of the bonds, a total of $3,628,050 in interest would be paid under the Seipp, Princell bid. Under the Halsey, Stuart offer, a total of $3,635,676 would be paid, taking into consideration the premium of $120,024 named in the bid. Figured to the call dates of the bonds, the interest cost under the Seipp, Princell bid is $1,915,472.50, as compared with a net interest cost of $1,730,106 under the Halsey, Stuart bid.

Argument of Bidders

Mr. Princell told the board of commissioners that the interest cost on the bonds should be figured to full maturity, because the only legal obligation had was to retire the bonds in 20 years. A representative of the **Halsey, Stuart** syndicate pointed out that the county's annual tax levy provided for the redemption of the bonds serially through the exercise of call provisions, and that it would be logical for the government unit to figure the interest cost on the flotation to the optional redemption dates.

Commissioners and fiscal officials of the county expressed a preference for the **Seipp, Princell** offer, because it provided the prospect of completion of the financing operation within a relatively short period of time. It also offered the prospect of avoiding

(Continued on page 1875)

Northwestern Elevated Railroad Company
First Mortgage 5% Bonds Due Sept. 1, 1941

We have prepared a memorandum covering the above issue; outlining the proposed treatment of these bonds under the Unification and the proposed Municipal Ownership Plans. Copies with dealer's imprint will be supplied at a nominal charge on request.

Ask for our study, "Chicago Tractions Under Municipal Ownership".

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Chicago Brevities

(Continued from page 1874)

litigation before the Supreme Court. Moreover, the county is anxious to sell the $8,346,000 in one parcel, so that its judgments and unpaid bills can be liquidated together. The county has been adverse to splitting the issue into two parts. For that reason, it rejected an alternate proposal of **Chapman & Cutler**, providing for the sale of a $3,620,000 issue at this time to fund the judgments and the sale of another issue at a future date to fund the unpaid bills.

The fact that the county actually awarded the issue came as a surprise to some financial circles. They figured that the refusal of Chapman & Cutler to approve the entire $8,346,000 issue would result in a delay until the Supreme Court had an opportunity to pass on the validity of the unpaid bills.

Chicago Revenue Notes

A large syndicate of investment bankers, headed by **Harris, Hall & Co., Inc., The First Boston Corporation** and **Blyth & Co., Inc.**, and composed of more than 100 other firms throughout the country, has been formed to consider the purchase of revenue certificates which may be issued by the **City of Chicago** under the Mayor's recently announced plan for public ownership of transportation facilities. The syndicate's proposal regarding the securities, which would be issued to finance the acquisition by the city of the local transportation companies, would be subject to certain conditions, it was indicated. One of these conditions would be that the proposed unified transportation system be administered by non-political management and that all necessary safeguards be taken to protect investors in the securities, and to provide funds for modernization and improvements. **Mayor Kelly** has already insisted that these safeguards must be provided.

Emphasizing the urgency of proceeding with the unification of the Chicago transportation lines, **Mayor Kelly** proposes that all costs of acquiring, constructing and operating this unified transit utility be financed through the sale of certificates payable only out of revenues. It is proposed that attempt immediately be made by the **City of Chicago** to acquire the properties of the **Chicago Surface Lines, the Chicago Rapid Transit Company and the Chicago Motor Coach Company** by negotiation. Any price tentatively agreed on would be subject to approval by the Federal Court in the first two instances, by the Federal Works Agency and by the people on referendum, in all instances.

In recommending this action, **Mayor Kelly** points out that originally he hesitated to advocate public ownership and operation but he is now convinced that such ownership and operation will be economical and efficient and that while private ownership and operation of one unified transit company had been the preferred plan back in 1941, the companies' plan of reorganization failed to receive approval.

Mayor Kelly expressed optimism with respect to the city's ability to finance the proposed undertaking through issuance of revenue certificates, citing their tax exempt feature and the low interest rate prevalent. This rate, he said, would not exceed 4%. This type of financing has been employed in Cleveland and Seattle, and the Mayor calls attention to the fact that such municipal securities enjoy a rating which warrants their purchase by national banks and insurance companies.

Under the proposed plan, the City would acquire:

1. All the physical assets of the **Chicago Surface Lines, the Chicago Rapid Transit Company,** and the **Chicago Motor Coach Company.**

2. All licenses, patent rights, operating agreements, mortgages and accounts of these companies and the records of the Board of Supervising Engineers.

3. All cash and assets in the renewal funds and the undivided cash and assets of the Chicago Surface Lines; any cash in the depreciation funds of the Chicago Rapid Transit Company and the Chicago Motor Coach Company; the escrowed City Compensation fund; and any cash in the working funds of the three properties. As a condition of any such purchase agreement, it should be understood that the aggregate of these cash reserves to be turned over to the City will be not less than $27,500,000.

Thus a unified municipal system comprising all the properties of the Surface and Elevated Lines and the Chicago Motor Coach Company, would start business with cash in bank of $27,500,000 and a minimum amount of capital securities outstanding.

IBA Delegation

Chicago was well represented at the annual meeting of the Investment Bankers Association of America, held in New York. Among those in attendance were Jay N. Whipple, partner of Bacon, Whipple & Co., the retiring President of the Association, and Julien H. Collins, of Harris, Hall & Company, who was elected a Vice-President. Among other delegates were D. Dean McCormick, of Kebbon, McCormick & Co., and Newton P. Frye, of the Central Republic Company, who were named to the Board of Governors.

Ohnemus Stationed at Cgo.

CHICAGO, ILL.—Lt. Paul M. Ohnemus of the U. S. Army Signal Corps is now stationed at the Chicago Signal Depot. Lt. Ohnemus was formerly a partner in Enyart, Van Camp & Co.

Crawford Warns Against Economic Nationalism And Economic Imperialism

An "International Business-Economic Conference to chart the new world roads of trade for the future" was proposed by Frederick C. Crawford, President of the National Association of Manufacturers, to the 1,500 delegates attending the 30th annual convention of the National Foreign Trade Council at the Pennsylvania Hotel on Oct. 26.

"We should be joining with the business and economic groups of other nations to work out these problems of world relations before the days of peace conferences," Mr. Crawford said.

F. C. Crawford

"Peace, if it lasts, is going to be predicated on trade factors, and trade factors that will not foment another world war are going to be predicated on economic fairness and justice.

"If we are to implement a lasting peace, we shall have to avoid both economic nationalism and economic imperialism. Economic realism based on mutual honesty and fair dealing will have to underlie our future international relations.

"It's high time we were protecting the future of the land we fight for—it is past time that a foreign policy based primarily on America's welfare were formulated. But in the kind of peace we hope for, the welfare of each nation will be consistent with the welfare of all nations. No other peace can last."

Bernthal Heads Dept. Of Nat'l Securities And Research Corp.

National Securities & Research Corporation, 120 Broadway, New York, announce the association with them of Walter Bernthal as head of their Public Utility Department. Mr. Bernthal was educated at the University of Michigan where he received his B. A. Degree in 1924 and won a Research Fellowship to New York University. There he obtained his Degree as Master of Business Administration. Since starting his business career in 1925 Mr. Bernthal has had broad practical experience and has been an avid student of economics and investment. He was formerly with the Franklin Statistical Corporation and with Coming Events, Inc., as Economic and Research Analyst and as a writer of market forecasts and special articles. Since 1938 Mr. Bernthal has been in charge of utility investments for trust funds and estates for the Manufacturers Trust Company, and a member of their Trust Investment Committee.

Mr. Simonson, President of National Securities and Research Corporation, also announces that Miss Helen A. Hill has joined their organization as Sales Promotion Manager; Miss Hill has been in "Wall Street" since 1929. For nine years ending in 1942 she was connected with Administrative and Research Corporation where her principal duties were in connection with statistics and charting. Latterly Miss Hill occupied the offices of Vice-President, Treasurer and Director. Miss Hill was an honor graduate of the Katharine Gibbs School and took post graduate work in Advanced Statistics and Security Analysis at Columbia University and New York University.

Kebbon, McCormick Co. Adds Wesley Blom

CHICAGO, ILL.—The investment banking firm of Kebbon, McCormick & Co., 231 South La Salle St., members of the New York and Chicago Stock Exchanges, announces that Wesley Blom has become associated with their sales organization. Mr. Blom was formerly with the Chicago office of Paine, Webber, Jackson & Curtis, having joined Jackson & Curtis in 1932.

Corbier Opens

(Special to The Financial Chronicle)

BOSTON, MASS.—J. Dallas Corbier is engaging in a general securities business from offices at 37 Ridgeway Road. Mr. Corbier was formerly with Trust Funds, Inc. of Boston.

September Rail Results

Vilas & Hickey, 49 Wall Street, New York City, members of the New York Stock Exchange, have issued an interesting circular discussing the I. C. C.'s "Monthly Comment on Transportation statistics" for September. Copies of this circular may be obtained from Vilas & Hickey upon request.

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TO OUR STOCKHOLDERS AND EMPLOYEES:

With the approval of the Board of Directors, the annual report of the Corporation, showing the results of operations for the year ended June 30, 1943 is herewith submitted.

The consolidated net profit was $4,256,656 equivalent to $7.40 per share on the 575,174 shares of outstanding common stock. This is after deducting all charges, making foreign exchange adjustments, and setting up a reserve for contingencies of $750,000, on which taxes have been paid. The previous year's result was $3,787,902, equivalent to $6.41 per share, after setting up a reserve for contingencies of $750,000. The working capital shows an increase of $10,394,553.

The combined net earnings of our Canadian subsidiary and Argentine subsidiary companies were $2,180,743, after conversion into U. S. currency. There are no restrictions in either country on the transfer of current earnings to the United States. The natural growth and further development of these foreign companies looks promising.

In addition to the earnings stated above, the Corporation's share of undistributed earnings in companies not consolidated for the year ended June 30, 1943 amounted to $109,750. This does not include $201,144 representing the undistributed equity in earnings of the Seneca Textile Corporation.

Depreciation of fixed assets was $723,208 as compared with $564,146 for the previous year. New machinery and replacements to plant account amounted to $402,431.

Dividends paid during the past fiscal year amounted to $1,160,227 equal to $2.00 per common share outstanding. This year common stock dividends will be paid on a quarterly basis, compared with a previous policy of semi-annual payments.

Direct taxes charged to operations of last fiscal period amounted to $8,142,000, equivalent to $14.16 per share, in comparison with $6,393,000, equivalent to $10.83 per share for the previous fiscal period.

The United Factors Corporation, whose activities consist of commercial factoring, continued to enlarge its list of clients, and had a substantial increase in volume. Operations are confined to the purchasing, discounting and guaranteeing of the accounts receivable of its customers. No advances are made against merchandise inventories.

The ten year Voting Trust Agreement terminated on June 1st, and was allowed to expire. The Board of Directors felt that it was no longer required.

As of June 30th an additional 25% interest in the Seneca Textile Corporation and its subsidiaries was acquired. We now have an ownership of 75% of the common stock and the figures of these companies have been consolidated into our balance sheet; previously, they were included in "Investments in Associated Companies."

An important addition to the financial strength of your Company was effected through the sale of $6,000,000 of 5% Cumulative Preferred Stock to the public. The net proceeds received by the Company from the Underwriters was $6,045,000. The Company felt it prudent to provide additional liquid assets for post-war development to modernize plant and equipment, and to round out certain activities the Company has in mind for the future.

Our Research Laboratory continues to be of inestimable value; not only in the current running of our business, but for post-war planning and development. Looking forward, the technical and research staff of your Company is actively engaged in the development of new fabrics, including the use of new fibres, and in new finishes and manufacturing techniques for post-war presentation. Our laboratory is manned by experts in their special fields of research, and we feel this activity will not end with the conclusion of the War. A peace time world should continue to benefit by the solving of problems through research, and the practical application of the findings passed on to a consuming public.

The merchandising and sales divisions of your Company are conducting nation wide studies into potential consumer habits and needs, and into possible post-war changes in merchandising and distribution.

Conversion from war time activities, to the peace time demands of our customers, will be rapid, orderly, and without interruption, as most of our directing personnel is intact, and our mills and finishing plants are in a high state of efficiency.

In our manufacturing plants the man power situation at times has become strained, but due to the adaptability of women to the requirements of the textile industry, we have been able to continue at peak production.

Proceedings with respect to renegotiation are pending. While the effect, if any, which such renegotiation may have on our earnings, cannot be definitely appraised at this time, we feel the result cannot materially affect this report.

The Executive Committee, appointed by the Board of Directors, continues to meet monthly, and is in intimate touch with the current affairs of the Company at all times.

Business activity throughout the year was at a high level. The increased purchasing power of the people, generated by the war, found an important outlet in the textile industry. We have, however, continued to supply the Armed Forces with whatever textiles they required that were suitable for manufacture and handling in our Mills and Finishing Plants.

Prices throughout the year remained fairly stable, and the measures taken by the government to prevent sharp increases in the prices of commodities had a salutary effect.

The management of your Company, keenly aware of the importance of customer relations, endeavored to meet the demand of all of its customers, irrespective of size. Hence, often a system of allocation was instituted in order to assure a proper distribution of goods. Our selling policy has been to promptly dispose of all merchandise as soon as it is made available in accordance with plant schedules.

We now have 1,062 of our employees in the Armed Services. When peace returns, every consideration will be extended to those in the Armed Forces for their reemployment and advancement.

In Conclusion:

Some of the year's activities I hope indicate the progress that has been made by the Company along varied lines. Our resources and financial structure have been strengthened, and every precautionary adjustment to present conditions has been made. It is futile to try and predict what will happen during the year ahead. We face the possibility of changing conditions with the feeling that our organization can cope with any situation that may arise.

On behalf of the Board of Directors, we pay tribute to the men and women, and and their families, who have joined the Armed Forces of the United States, serving all over the world. We are proud of these men and women, and hopefully look forward to their speedy and safe return.

I wish to express sincere thanks to the officers and employees of the Corporation and its subsidiaries, both here and abroad, for the exceptional service rendered. I also wish to extend to my associate officers and directors deep appreciation of their unfailing and helpful cooperation in the interest of the Company.

J. W. SCHWAB,
President.

October 27, 1943.

This report is not a representation, prospectus or circular in respect of any stock of this corporation and is not presented in connection with any sale or offer to sell or buy any stock or security now or hereafter to be issued.

United Merchants and Manufacturers Inc.

WILMINGTON, DELAWARE

15th Annual Report

for the fiscal year ended June 30, 1943

The financial statements presented below are subject to footnotes published in the annual report of the Company

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 1943

After giving effect to the sale and issuance on July 2, 1943 of 60,000 shares of 5% Cumulative Preferred Stock par value $100.00 per share

ASSETS

CURRENT ASSETS:			
Cash on hand, in banks and in transit	$4,155,772.16		
Cash received July 2, 1943 from the sale of 60,000 shares of 5% Cumulative Preferred Stock	6,045,000.00	$10,200,772.16	
Trade accounts, notes and acceptances receivable, less reserves of $314,530.00		9,801,462.95	
Accounts and notes receivable purchased, less reserves of $209,920.56		7,078,737.73	
United States and Foreign Government bonds (redemption or market quotations $352,632.88)		352,168.71	
Merchandise Inventories:			
Raw materials and supplies	2,265,494.09		
Goods in process, including greige goods	7,468,450.75		
Finished goods	3,327,034.90	13,060,979.74	
Other receivables (including $216,767.44 due from associated companies—not consolidated)		373,063.08	$40,867,184.37
INVESTMENTS IN ASSOCIATED COMPANIES—not consolidated—book value as per balance sheets of said associated companies $1,618,999.42			720,630.30
OTHER ASSETS:			
Sundry receivables and investments (including $223,876.31 representing cash surrender value of life insurance policies and deposits with mutual insurance companies)		456,015.67	
Federal and Canadian post-war excess profits tax refunds		231,538.08	687,553.75
FIXED ASSETS:			
Land and buildings	4,926,317.48		
Machinery, equipment and leasehold improvements	11,511,467.94	16,437,785.42	
Less: Reserves for depreciation and amortization		7,710,506.93	8,727,278.49
DEFERRED CHARGES			988,402.56
PATENTS, GOODWILL AND TRADEMARKS			3.00
			$51,991,052.47

LIABILITIES

CURRENT LIABILITIES:			
Notes payable—banks		$ 4,064,000.00	
Credit balances of factored clients		3,169,299.79	
Trade accounts payable, sundry liabilities, accrued expenses, etc		5,727,567.31	
Reserve for Federal and foreign income and excess profits taxes	$8,251,665.86		
Less: United States Treasury Tax Anticipation Notes	2,215,000.00	6,036,665.86	$18,997,532.96
RESERVE FOR CONTINGENCIES			1,750,000.00
MINORITY INTEREST IN CAPITAL STOCK AND SURPLUS OF SUBSIDIARY COMPANIES—CONSOLIDATED			706,765.87
CAPITAL STOCK:			
5% Cumulative Preferred Stock, Par Value $100.00 per Share.			
Authorized	60,000 shares		
Issued—July 2, 1943	60,000 shares	6,000,000.00	
Common Stock, Par Value $1.00 per Share:			
Authorized	750,000 shares		
Issued (including 161.3 shares still to be issued in exchange under plan of capital stock readjustment) and stated at par value of $1.00 per share plus $5,911,790.00 added to capital by resolutions of the Board of Directors	600,000 shares	6,511,790.00	
SURPLUS:			
Capital surplus		438,319.87	
Earned surplus, since August 1, 1932		18,006,408.54	
		30,956,518.41	
Less: Held in treasury—24,826.2 shares of Common Stock at cost		419,764.77	30,536,753.64
			$51,991,052.47

FACTS FOR OUR STOCKHOLDERS

	Year Ended June 30, 1943	Year Ended June 30, 1942	Year Ended June 30, 1941	Year Ended June 30, 1940	Eleven Months Ended June 30, 1939
Net Profits (After Reserve for Contingencies)	$ 4,256,656	$ 3,787,902	$ 2,623,132	$ 2,021,620	$ 1,466,196
Earnings per Share on Outstanding Common Stock	7.40	6.41	4.37	3.37	2.44
Number of Shares of Common Stock Outstanding	575,174	590,528	599,903	599,658	599,956
Dividends Paid per Share on Common Stock	$ 2.00	$ 1.50	$ 0.50	$ 0.25	—0—
Book Value, Common Stock per Share (After Reserves for Contingencies and after deducting Preferred Stock at $104 per Share	42.24	34.96	29.59	25.47	22.45
Net Quick Asset Value Common Stock per Share (After deducting Preferred Stock at $104 per Share	27.17	19.43	15.72	12.52	9.62
Working Capital	21,869,651	11,475,098	9,435,368	7,514,932	5,771,526
Reserve for Contingencies	1,750,000	1,000,000	400,000	—0—	—0—
Capital and Surplus:					
Preferred Stock (60,000 Shares Outstanding)	6,000,000	—0—	—0—	—0—	—0—
Common Stock and Surplus	24,536,754	20,643,380	17,755,596	15,281,354	13,471,241
Taxes Paid or Accrued:					
Normal Income and Other	2,233,000	3,076,000	1,308,000	739,000	634,000
Excess Profits	5,909,000	3,317,000	322,000	42,000	—0—

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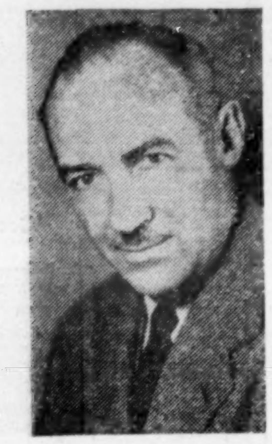
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J. C. Folger, New IBA President, Sees Greatest Investment Era in Decade Following War

Holds Capital Will Venture Abroad Because of High Interest Rates. Advocates Streamlining of Securities Acts But Not Abolition of SEC. Condemns Compulsory Competitive Bidding

Asserting that "there is more liquid capital pressing for investment than ever before," John Clifford Folger, in his inaugural address on Nov. 5 as President of the Investment Bankers' Association of America, expressed it as his view that "the decade following the war should be the greatest investment era we have known."

Mr. Folger, President of Folger, Nolan & Co., Inc., of Washington, D. C., ventured the opinion that "with high rates abroad and low rates here, it seems highly probable that much of our capital will venture abroad." In his address he made known that he had asked certain members of the Association "to serve on a conference committee dealing primarily with post-war finance," and in stating that "something tells me that more and more of us will be studying Spanish and Portuguese after the war," he added that "the mechanism for foreign investment is something which our new Conference Committee might properly explore." It was noted by Mr. Folger that proponents of clearing unions say that if we won't import foreign goods, we must make foreign investments to balance trade." He went on to say that "some practical people urge that we let foreign economic conditions jell a bit before we talk about stabilization and foreign investments." "In any event," he averred, "here's where we come in. We may become involved to a degree hardly dreamed of now."

John C. Folger

As to "our relations with Government agencies," Mr. Folger made it plain that "we are not seeking, nor do we wish to abolish the SEC. Nobody," he said, "really wants the umpire removed at a ball game. We do think," continued Mr. Folger, "the securities acts need some practical streamlining. The little fellow with the big ideas needs easier access to the capital markets."

Commenting on the fact that "there has been a great change in the whole system of distributing securities," Mr. Folger pointed out that while in 1929 the bulk of the securities sold throughout the country was handled by branches of out-of-town houses," the lion's share of the business to-day, "is done by strictly local houses."

Elected as President of the Association at the concluding session of its annual convention in New York, Mr. Folger succeeds Jay N. Whipple. In full the address of Mr. Folger follows:

After my nomination, friends began congratulating me. To them I said: "Hold on . . . I'm just merely running for office!" I reminded them of a certain citizen once nominated to the Supreme Court. Someone asked him how it felt to be Supreme Court Justice, and he replied: "It makes me feel very humble." Unfortunately, his nomination was not confirmed.

You will also remember another occasion when a distinguished citizen went to bed erroneusly thinking he had been elected President of the United States. A reporter came to the door of his house and asked for an interview. A member of the family turned him aside with the words: "The President sleeps."

Until this hour, I have not felt humble, nor have I slept until I got myself elected. But I now confess a great wave of humility, especially with respect to the services of my predecessor, Mr. Jay Whipple, who has made such an outstanding and unselfish contribution.

A written manuscript will be filed in the Archives. I hope no one will deprive me of the oppurtunity to wave my arms a bit and speak my mind on a few subjects informally.

Some may think our work is rather dull business in these stirring times. Many of our members have foresaken private enterprise for the moment. For the absent ones in the armed forces we save a special place in our minds and hearts. It is with much satisfaction that we note the high places in government now filled with men trained in our field. A catalogue of such positions would be most impressive. Impressive also is the force and effect of our volunteer contribution in the War Bond effort.

Investment banking, as a business, suffers in war times, but let's put our worries aside for the moment and take a quick look at ourselves and at our standing in the community.

We represent no pressure group. We have few votes. We are not trained or expert in the fields of politics. Few would say we are moulders of public opinion. But one thing stands out. Investment banking is coming out of the dog house. Other people than ourselves are saying the machinery for distributing securities must not be further impaired.

An important government body recently set up as a chief recommendation: "That there be made a thorough study of incentive taxation to stimulate investment of private funds in productive enterprise." Think of that! Legislation to stimulate our business.

What should be our policy? Now most of us are conservatives. Responsibility for investing people's money is serious business and I think we should be conservatives. But it so happens there are many shades of opinion in the world. Many different financial plans will be put into the hopper. As a matter of fact, many are there already. What I hope is that when decisions are being made, we shall be permitted to sit around the conference table and when that time arrives we shall be ready and prepared to make some real contribution.

To that end, I have asked certain of our members to serve on a Conference Committee dealing primarily with post-war finance. This committee will treat with some of the most important subjects to come before us during the ensuing months.

I think we have been inclined to sit back and be unhappy about plans made by others. Frankly, I believe we should systematically seek out opportunities to sit around the conference table and present our views. Make no mistake—other people are having their say. Bankers in other countries are peering into the future.

One practical thought. It usually happens that the fellow who speaks the final and explosive word at the beginning of a conference is seldom asked to sit in again. If he indicates that in his opinion everyone who disagrees with him is unhinged—his usefulness as a conferee is limited. Let's be the Yankee Trader who doesn't get mad.

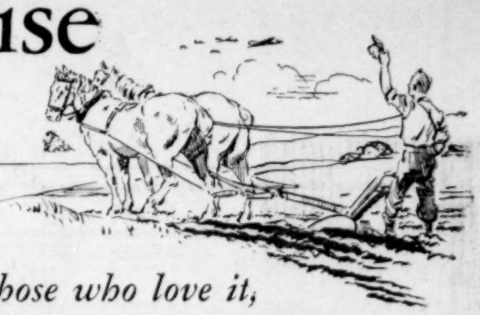
The subject of foreign finance is on every tongue.

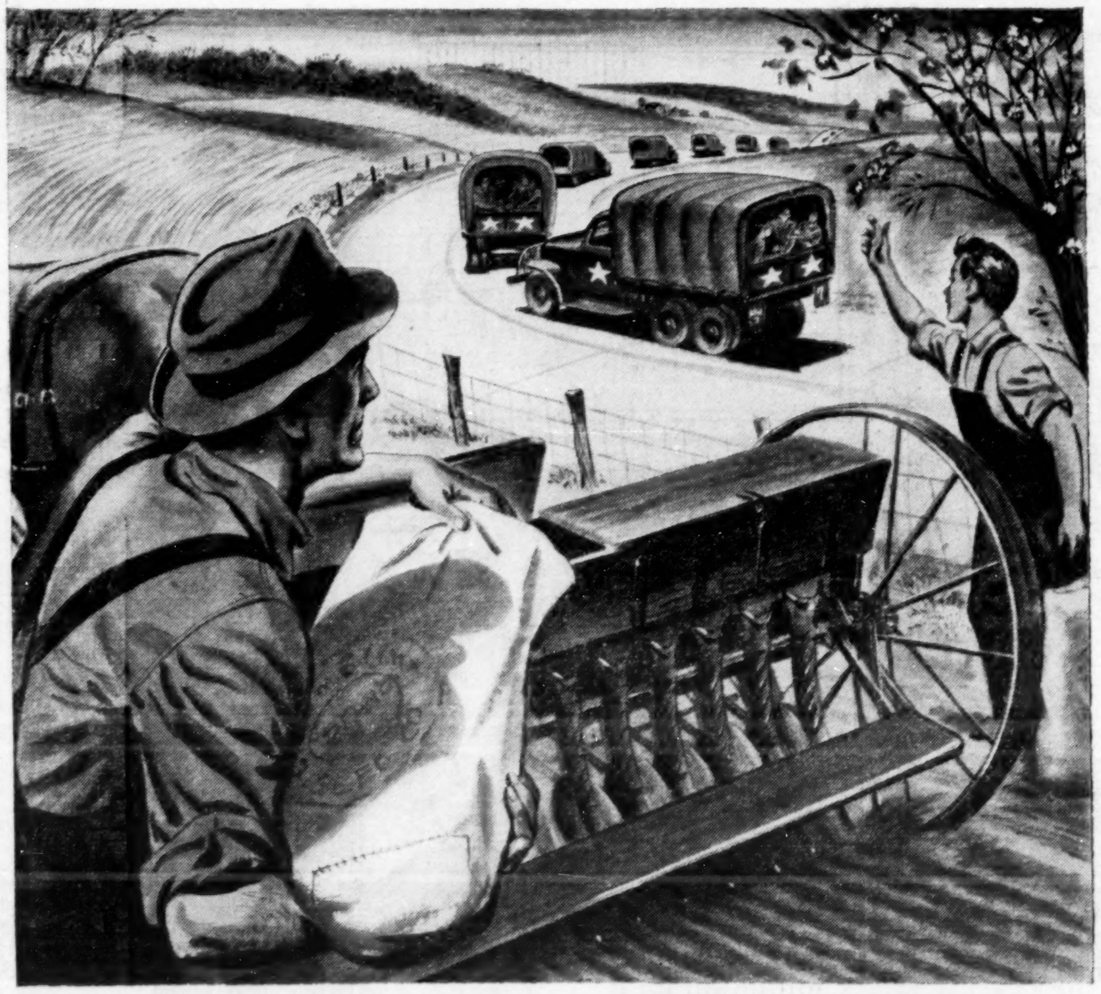
We are a volatile peole. One day we vow we'll never invest another penny abroad; indeed make laws to stop it. The next day we say isolation is behind us. . . . We have grown up . . . have long trousers . . . and must take a mature attitude toward foreign investments. Are we going to reach into the bag and pull out the "International banks?" If so, will it be a private banker or a government banker who wears that once discarded mantle?

Proponents of clearing unions say that if we don't import foreign goods, we must make foreign investments to balance trade. Some practical people urge that we let foreign economic conditions

(Continued on page 1901)

From FARMS • • a pledge and a promise





"God grants liberty only to those who love it,
Who are always ready to guard and defend it."

ONE hundred sixty-seven years is but a twinkle to a star but to a man it's nearly seven generations. One hundred sixty-seven years is not long in the reckoning of a hill but to a man it's long enough; long enough to learn what freedom means, how to use it, when to fight for it. The men who left their bloody footprints in the snows of Valley Forge—they knew what freedom meant. The men who fought at Gettysburg, at Belleau Wood—they knew when and how to fight for it.

Now seven generations from the battle of Concord and Lexington, Americans are again fighting for their lives and their liberty. But far from the wide-flung battle lines is another struggle—a struggle to produce the food to win a war and write a peace. Here are the farmers asking no quarter, giving none, determined that their children shall receive their heritage of freedom untarnished and unbroken.

From men beneath the rocking spars of fishing boats in Gloucester, from the vast tenancy of busy cities, *from farms* spread thinly through the mountains, *from farms* nestled snugly in valleys, *from farms* throughout this broad land that is ours comes a pledge and a promise—a promise that liberty, conceived in suffering, born in blood, shall not perish. For here are the men of faith, men of courage, men who will not betray this, their finest hour. They will keep America free.

★ For 25 years the Federal Land Bank has helped the farmers of the Northeast toward another kind of freedom—freedom from debt. During this quarter century 45,000 farmers have found that a Land Bank loan provides protection while in debt and a systematic way to get out of debt. Full information is contained in a folder entitled "Farm Mortgage Loans." May we send you a free copy? ★

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Meeting today's Challenge - The American Farmer

Individual Freedom And Economic Planning

(Continued from first page)

ing the past decade has contributed greatly to this trend by its avowed desire to give the people at large what has been called a "more abundant life." In itself, this is a laudable purpose, but it is not as a rule appreciated that the means employed for this end are leading to a breakdown of our system of individual enterprise.

In time of war it is necessary in the interests of efficiency to have a governmentally regulated economy. But there are those of us who have for some time been apprehensive lest the controlled economy, which is an absolute essential in time of war, will be carried over into the post-war era.

Historically, most economic systems have been operated by governments. Some people are inclined to forget that not until economic production in modern times had emerged from the shackles of excessive government control did our present standard of living become possible. If they could get an adequate picture of how the workman of the 18th century lived and what sort of food, raiment and shelter he enjoyed, or had, they might not be so willing to cast aside our present economic system with its admitted imperfections. The late Sir Josiah Stamp, noted English economist, said that the purely material standards of well-being in England had been multiplied fourfold during the 19th century.

As citizens we should be interested in trying to determine what effect a collectivist economy, which is bound to result from excessive government control, would in reality have upon the political and economic well-being of our people. If some of us argue that the adoption of such an economy would cause the individual to lose his freedom, the reply is sometimes made that such a sacrifice would be worth while if poverty and unemployment could thereby be done away with. It cannot be proven either from history or by economic analysis that such a result would be attained. Historically, governmental economic control points to lack of political freedom and a low standard of living.

The test of an economic system should be the degree of its success in meeting the wants of human beings for food, shelter and raiment, and whether it can provide in addition a modicum of the luxurious refinements of our present-day standard of living. Those of us who strongly favor the retention of our individualistic economy, do not on that account deny its imperfections. All institutions are human, and they bear witness to this by their imperfections. In our thinking, therefore, we should try to determine which economic system can best supply the citizens of any commonwealth with their sustenance and maintain their personal freedom.

Coming now to the concept of planning in the economic sphere, it is clear that **planning** should and does pervade the economic activity of every **individual.** Hardly any person is in a position to satisfy all of his wants. He, therefore, must place these wants and desires in the order of his preference. In other words, he must grade them according to his taste and the sum total must not exceed the value of his own production (income) which he will have to use to pay for the goods and services which he himself desires. When an individual makes the choice between the satisfaction of one want over against another, he is thereby making a judgment of **value.** Since this activity of the individual implies alternative uses of parts of his income, it is one of the first steps in individual planning.

But what people have in mind in most instances today when they use the term economic planning, does not have reference to individuals. It involves central or social coordination and is supposed to embrace the economic activity of the people within the confines of an entire country or state. The defects of the present order are seized upon as sufficient reason for having the state engage in economic planning, at least on a partial scale. Then, during an economic depression, when unemployment becomes extensive and the spectre of want and suffering stalks the land, the question is asked, "Could not these troubles be averted by resort to extensive economic planning?"

There is in this question the implication that present day economic activity is proceeding in a haphazard fashion without rime or reason. Economic planners, therefore, wish to substitute for what seems to them only confusion, a plan, usually their own plan. This is to fill the void of what they consider to be **planlessness.** Broadly speaking, present day economic production depends upon spontaneous agreements and arrangements among private citizens within the general framework of law and order. The government is, indeed, needed here as an umpire to uphold the sanctity of contracts, to keep order, and maintain competition. In a sense, this procedure is largely automatic, but, nevertheless, the system may be dignified by being referred to as one plan for the production and distribution of goods and services. At any rate, it has been successful in raising greatly the standard of living during the past century. We may say, therefore, that we do not have before us an issue of a plan against no plan at all, but the issue turns upon the acceptability or effectiveness of one plan against another, or in the choice between at least two plans.

If we raise the question of the ability of the government to plan and carry on the mechanism of economic production, we find among the people at large a misunderstanding of the fundamental nature of the task which is involved. Most often economic planning is thought of as an engineering problem. All of us have a high respect for the masterful way in which American engineers have carried out gigantic undertakings and are contributing greatly to the well-being of humanity. Disturbances in economic production and distribution, therefore, some believe, could be handled in the same way in which an engineer plans and works out his projects. They think of overall governmental economic planning as a technological problem, whereas, in reality, it is a **value** problem. The engineer uses as a basis for his estimates and calculations the prices as he finds them in the market. In centralized government control, once it has become all-pervasive, there is no system of prices available. While the engineer in his calculation uses the current costs of material, machinery, labor as he finds them, gov-

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J. N. Whipple, Retiring President of I.B.A., Urges Sale of Government Bonds to Individuals

Outlines Plan To Make This Accomplished Fact

A reminder that the first objective of the Investment Bankers Association of America "is to develop means of increasing our contribution to the job of financing the war," was given by J. N. Whipple, of Bacon, Whipple & Co., Chicago, in his address as President of the Association at its annual convention in New York on Nov. 3. He cited as the second objective in importance, "the consideration of this industry's part in the restoration of the economy to a peace-time basis after the war."

Observing that "the great diffusion which is taking place in the ownership of capital will present a new problem." Mr. Whipple declared that "we must find improved methods of assembling this capital and making it available to industry through the private capital markets." "Unless we do," he warned, "the Government will lend business the money it requires and obtain it through taxes," and, he added, "the transition from Government loans to Government ownership is apt to be short."

Jay N. Whipple

The statement was further made by Mr. Whipple that "it is fundamental of our economy that capital from private sources will be forthcoming only if there is an incentive and if an environment favorable to economic progress is provided." As "one obstacle to the ready flow of private capital," Mr. Whipple mentioned "the heavy burden of taxes which is inevitable," but which, he said "must be distributed in such a manner as to leave the profit incentive to enterprise."

Five specific suggestions "as a means of stimulating and broadening the market for Government securities" were offered by Mr. Whipple as follows:

1. Concentrate the Fourth War Loan drive on sales to individuals by establishing state and local quotas for sales to individuals only. * * *

2. Make available a coupon, marketable bond in denominations as low as $100 in order to provide an issue which small investors who may be prejudiced against registered securities will buy. * * *

3. Establish a partial-payment plan under which individuals can be signed up during drives for larger amounts to be paid out in the intervals between drives. * * *

4. Place the Federal Reserve banks in a position of greater authority and responsibility in the bond selling program.

5. Outline the objectives of each War Loan drive and develop plans for them as specifically as possible at least four months in advance.

Mr. Whipple's suggestions, given in brief outline above, appear in full in his address which we quote in its entirety herewith:

The privilege of being President of the Association during the past year has not included the pleasure of the usual group visits and the opportunity they afford of renewing old friendships and forming new ones. It is therefore all the more a pleasure to welcome you here today to the thirty-second annual meeting of the Investment Bankers Association of America.

We meet under more favorable conditions than have prevailed in recent years, from the standpoint of the progress of the war, the prospects for economic conditions after the war, and the outlook for our own business.

To go one step further and speaking momentarily and a little more specifically of trends in the Association itself, I can tell you that for the first time since 1937 there has been a net gain in membership since our annual meeting of a year ago. In that period we have admitted 39 new members, and a few additional applications will be presented to the board tomorrow. Membership losses were 31 and include, as has been true for several years, many instances of members going out of business or consolidating with other members.

I digress to speak of membership because the stability of our organization in the face of unprecedented conditions is a demonstration of strength which is significant in considering at this meeting the responsibilities which we are called upon to face.

Our industry is fortunate in having favorable relations with those administering the laws under which we operate. Within the last few weeks spokesmen for both the Securities and Exchange Commission and the State Securities Commissioners have indicated an interest paralleling our own by emphasizing in public utterances the importance of having the investment machinery of the country in a position to fill its role in the critical times ahead.

Joseph W. Schneider, Securities Commissioner of Kentucky and retiring President of the National Association of Securities Commissioners, at that organization's annual meeting this Fall, said:

"The need for the investment banker immediately following the war will, in my opinion, be greater than at any time in the history of the world, and it would be unwise to burden the efficient and honest dealer with unnecessary restrictions. In the public interest the highly efficient and smoothly functioning machinery of the investment bankers must be maintained in order that America may pass from the government controlled and financed economy of war to the freer economy of individual enterprise."

A similar thought was expressed by Ganson Purcell, Chairman of the Securities and Exchange Commission, recently in Chicago when he said:

"Certainly a well-organized, smoothly operating financial mechanism is an essential requisite of a healthy economic system . . . We shall need badly the mechanical skills, the experienced judgment, and the highest ethical standards of the leaders of our investment and banking fraternities . . ."

One matter of vital importance to our business is the question of compulsory competitive bidding for railroad securities, which the Association has opposed in briefs filed with the Interstate Commerce Commission. Another is the consideration by the Treasury Department of stabilization of compensation of employees working on a commission basis. Conferences regarding this have been held with the Bureau of Internal Revenue and temporary relief obtained. Reports of the committees handling both these matters will be made this morning.

Despite the necessity of avoiding any slackening of effort, we can have confidence that the war is being won, but when we will have finally won it and at what cost is still uncertain. The most recent figures available indicate that more than 2,500 partners, executives or employees of member firms of the IBA are in active service. Many of them are making sacrifices which are beyond the reach of us as civilians.

Other members of our industry have, for the past two years, voluntarily contributed much of their time and energy to the sale of government securities. This is the way in which our professional experience can participate most effectively in the nation's total effort, and during war loan drives virtually all offerings of new securities other than governments have been voluntarily suspended. Out of 150 senior executives in 53 state and district war finance committees in the Third War Loan, 80 were either commercial or investment bankers.

We are honored to have with us at this meeting certain Treasury officials including those responsible for the coordination of our activities in the Third War Loan.

When the war is over, on the hour of the armistice, a new crisis will confront the nation and we would be derelict if we failed to make plans for dealing with it. Therefore, our first objective at this meeting is to develop means of increasing our contribution to the job of financing the war, and second in importance is the consideration of this industry's part in the restoration of the economy to a peace-time basis after the war.

Let us first consider our part in the war financing program and what we can do to make the "know-how" of this industry more effective in contributing to its success.

It is obvious that in order to compensate for our lack of numbers, those engaged in our business must do a quality job. That is precisely what members of this Association have been doing, if the reports I have received are any criterion. However, as pro-

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No Currency Dilution And Increasing Productivity Key To Post-War Debt Problem: Spinney

(Continued from page 1871)

dian, married, with two dependents, and with an income of $5,000, now pays a Dominion income tax of $1,662, including $600 refundable portion which is subject to certain offsets for insurance premiums, mortgages, et cetera—when I point out that this compares with a total Dominion income tax of $80 before the war—you will have some idea of the personal readjustments which our austere but realistic financial policies have made necessary.

"No doubt you have looked into all these matters and, judging by current quotations on Canada's high-grade securities in your market, Canadian credit seems to be pretty well regarded in these United States, and requires no attempt at support from me.

"Statistical comparison of any particular phase of our respective war programs, besides being rather boring on an occasion such as this, is never, in my opinion, particularly helpful or enlightening.

"Each country is doing its wartime job under conditions peculiar to itself and there is no earthly reason why we should expect a piecemeal comparison of specific methods and results to show uniformity at all points.

"I sometimes think though that among our good friends here, we Canadians get better marks than we really deserve as far as the financial and economic aspects of our war effort are concerned.

"It is true that our experience in production, finance and price control has been, by and large, not unsatisfactory.

"But possibly some of our successes, such as they are, are due to the fact that we are still a small country in point of population, and problems of organization and control are therefore correspondingly less difficult to solve."

Mr. Spinney, who had for his subject "The Challenge of War Finance," stated that "once again we see the need for the power of a compelling idea—the thought that support of one's country's war effort through the purchase of war bonds or stamps must be a continuing thing; that he who buys a bond in the heat of the campaign and then subsequently succumbs to the first temptation to toss it back on the market without rhyme or reason is a deserted on the home front.

Turning to "another and very much broader phase of this matter of war finance," Mr. Spinney said:

"I think we have to expect that as the war goes on, and as individuals accumulate more and more of these engraved pieces of paper bearing the Government's promise to pay, that more and more their thoughts are going to turn to the intrinsic value of what they hold.

"People are going to ask, and are beginning to ask already, 'How can the nation carry this vast increase in Government Debt?' For them this is not an academic question. For to the individual these pieces of paper represent, as it were, his claim on the future which he has acquired through work, effort and will-power.

"It is not enough that he be answered that his Government can always find the money to meet this claim when it is presented for payment. The answer is the less satisfying in that he has already had some inkling of how the value of money may depreciate in the face of an upsurge in prices and living costs. He must be assured, not only of repayment, but repayment in honest coin that will return to him, in the future, the same power to purchase that he has relinquished today.

"Well, there is much that could be said about this, but time presses and I must limit myself to one or two observations. In the first place, I think we can try by all means in our power to make it plain that so long as the war lasts the best and surest way for anyone to ensure that the bonds he buys are going to be repaid in 'honest coin' is to throw his weight into the fight against inflation, to submit to increased taxation with good will and good understanding, and then to buy more bonds to the limit of his ability, and having done all this to go and influence his neighbor to do likewise.

"But looking ahead to the post-war years, the picture becomes a good deal more complicated.

"The patriotic urge to save will have disappeared; and some people will be anxious to cash their bonds to satisfy long-deferred wants.

"Indeed, fears are already expressed that the sudden rush to cash these claims and to spend them on goods that will for some

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Fourth War Loan Of About $40,000,000,000 Planned Early In Year, IBA Is Informed By E. B. Hall, Treasury Assistant—Greater Emphasis To Be Placed On Individual Sales

Making known that the War Finance Division is engaged in preparations for the Fourth War Loan, Edward B. Hall, Assistant to the Secretary of the Treasury, advised the Investment Bankers Association of America at its annual meeting on Nov. 4 the loan "is planned for early 1944, probably in January." It was brought out by Mr. Hall that "budget estimates indicate that the amount of new borrowing, required during the remainder of this fiscal year namely until the end of June, will be about $40,000,000,000." In accordance with policy, said Mr. Hall, "it will be sought to obtain as much as possible from sources outside the banking system," and in consequence, he stated, a drive may be expected "with greater emphasis than ever on individual sales, and no less emphasis than before on sales to insurance companies, and all kinds of institutional investors other than commercial banks."

Edward B. Hall

In mentioning some of the problems that are being considered and discussed incident to the plans for the loan, he stated that "a compromise suggestion is that we have a drive for individuals only for three weeks or so, and then immediately on its conclusion announce supplementary quotas for sales of the same securities to non-banking institutions."

In his address, Mr. Hall indicated that from Oct. 15, 1942, to Oct. 15, 1943, the Government's interest-bearing debt increased $74,000,000,000, from $93,000,000,000 to $167,000,000,000. Savings bonds, he said, "amount to about 15% of the interest bearing debt." Mr. Hall took occasion to state that the Treasury's huge program of war financing "has been carried forward not only without disturbance in the money market, but without interfering with an open and fairly active market in other securities." And in conclusion, he declared that "from the standpoint of the general interest, it is well that investment banking and brokerage organizations are being maintained in healthy condition, because they will be needed in the post-war period."

Mr. Hall is serving as Assistant to the Secretary of the Treasury on leave of absence from Harris, Hall & Co., his Chicago investment house. His address follows:

I have attended many meetings of this Association and in quite a few different capacities, but it is a new experience to be here as a guest and I am honored to be speaking to this audience as a member of the national Treasury's bond selling organization at a time when the distribution of bonds is a larger, more urgent and more important task than it ever was in the nation's history.

This audience is made up of bond men—underwriters and distributors, bond specialists from banks and from stock exchange firms. Such has been your professional interest as well as your patriotic interest in the Treasury's war loan campaigns that I said to Ted Gamble, who is here today and who is National Director of the War Finance Division, that talking to you is just like addressing a gathering of War Finance Committees.

You are all in this job with the Treasury Department, not merely as volunteer workers, but as professional leaders who help give direction and guidance to the great volunteer army that takes part. Our best estimate is that five million men and women served as volunteer workers in the Third War Loan drive. Obviously no single segment of the population should ask credit for more than a small part of the accomplishment, which was just short of $19,000,000,000. But bankers and investment dealers play a part that is out of all proportion to their numbers—an indispensable part that deserves and receives the deep appreciation of the Secretary of the Treasury and of all concerned with the financing of the war.

The importance of your skilled help increases as it becomes more and more apparent that while day-to-day purchases of war bonds through payroll savings and otherwise are vital to the success of our program, it is the War Loan drives that provide the bulk of the money necessary to be borrowed from nonbanking investors.

A year ago, Under Secretary of the Treasury Daniel W. Bell made an address at your annual meeting. Much water has gone over the dam since October, 1942. He outlined in his speech "a clear and well considered pattern" for borrowing by the Treasury. This borrowing, he pointed out, while only part of the economic program that includes taxation and rationing, would necessarily be in unprecedented magnitudes. His statement included these policies:

First, to borrow from commercial banks only after every effort has been made to finance the deficit from other sources. Then the restriction of offerings to banks, not only to the smallest amount possible, but to securities with a term of ten years or less. That meant a maximum 2% interest rate on bank securities and the issuance of longer bonds at higher rates only in forms ineligible for commercial bank investment. He explained that limiting bank purchases to ten-year bonds and shorter maturities seemed desirable in the interest of bank liquidity and that with the current and prospective increases in bank deposits the 2% rate should be reasonably profitable.

The predictions involved in this program laid down a year ago have been borne out and I think you will agree that we can all find satisfaction in the success of these policies. No reason to change them is in sight.

In the intervening year, from Oct. 15, 1942, to Oct. 15, 1943, the interest-bearing public debt including guaranteed obligations has increased $74,000,000,000, from $93,000,000,000 to $167,000,000,000. Of this increase in the public debt about $70,000,000,000 is represented by a net increase in securities outstanding in the hands of the banks and the public. Perhaps the best way to bring home to this audience what it means to do $70,000,000,000 of new financing in twelve months is to point out that it is the equivalent of offering a $230,000,000 dollar deal every business day, including Saturdays. Of this $70,000,000,000 increase, the growth of bank hold-

(Continued on page 1885)

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Looking Into The Post-War World

(Continued from page 1870)

United States, we shall be undertaking an objective which is not only impossible to accomplish, but one which in my honest opinion is incompatible with the free enterprise system," which latter he stated, "carries with it the right to shift from one occupation to another."

Mr. Fennelly stated that an increase in the national output of goods and services by 45% or even 30% will make the demand for additional capital "tremendous," adding that the "huge reservoir of savings, induced by the great discrepancy between wartime incomes and the lack of goods available for purchase, should provide a magnificent market for securities for many years after the war."

Discussing some of the post-war problems, Mr. Fennelly said prompt settlement of terminated contracts is necessary to avoid a disasterous delay in reconversion of industry. As to the disposal of Government plants and surpluses, he expressed the belief that the Government's policy will be to turn over to private industry all plants not required for purely military considerations. Mr. Fennelly warned, however, that business must be prepared to assume its fair share of the cost of post-war liquidation, particularly if it wishes to ask for a similar liquidation of wartime wages.

As to taxation, Mr. Fennelly believes that a substantial reduction can be achieved, as well as a balancing of the budget, if a satisfactory post-war level of production is attained. Regarding the prospects for maintaining a free society and a system of private enterprise in the United States, he feels confident these problems "can be solved if we have the national will to do so."

Mr. Fennelly's address follows in full:

I can say with complete sincerity that it is an unusual pleasure to be here with you today. In the first place, it feels more like coming home than anything I have experienced since I left the investment banking business to become a Washington bureaucrat almost two years ago. In the second place, my work with the Committee for Economic Development has led me to the study of post-war problems which I am sure are of as much concern to the investment banking profession as any other group in the country, and I am eager to discuss some of these problems with you.

I am not here today to tell you the story of the Committee for Economic Development. I assume that most of you by now are reasonably familiar with that story. If any of you are not, I shall be delighted to furnish you with plenty of literature on the subject. My purpose is to discuss, as best I can, the economic factors which have a bearing on post-war financing. Nevertheless, it is impossible for me to discuss the post-war problems in which you are interested without touching briefly the high spots of the philosophy and objectives of the CED.

The problems we are struggling with are exactly those which you are most anxious to see solved. If they are solved satisfactorily, not by CED alone but by all of us collectively who are interested in the preservation of a system of private enterprise, I am confident the investment banking business will be restored to a position of great importance and prosperity in the national economy. If the attempt fails, I am sure that investment banking business will go under along with the rest of our free enterprise system.

In other words, the post-war problems of investment banking are practically identical with those of American industry as a whole. On this assumption, I start with the conviction that the outstanding problem for all of us in the post-war world will be to avoid the twin dangers of mass unemployment and mass Government employment. The CED starts with this basic premise, and its single objective may be stated as follows: to stimulate and assist American business to make the maximum contribution that is possible on a sound business basis to high levels of employment and production after the war.

In this connection, I am particularly anxious that you observe two important points in the statement of the CED objective. In the first place, you will note that I am speaking of high levels of employment rather than full employment. After considerable study of this subject, we are convinced that there is no more dangerous phrase than the term full employment which is now so widely used by politicians, labor leaders and, I must confess, by a great many business leaders. If by full employment we mean guaranteeing work to every man, woman, and child in the United States we shall be undertaking an objective which is not only impossible to accomplish, but one which in my honest opinion is incompatible with the free enterprise system. The very idea of a free enterprise system carries with it the right to shift from one occupation to another, with the result that we are always certain to have a normal float of those who are in process of transfer from one job to another. By a high level of employment I mean therefore a level which is sufficiently high to eliminate the nightmare of mass unemployment and yet not too high to be compatible with the system of free enterprise.

You will also note that our statement of objective deliberately couples a high level of employment with a high level of production. We are convinced that increased employment not accompanied by at least an equivalent increase in output of goods and services is a self-defeating objective and the surest road to national disaster.

When the war ends we are certain to be faced with a strong political demand to solve the employment problem by spreading the work. Thus, there is already talk in certain labor circles of a 30-hour week with 40-hour pay. If the 30-hour week does not work, why then of course we shall be asked to adopt a 20-hour or a 10-hour week. The reduction in the hours of work which comes as a result of increased productivity is of course highly desirable but it will be nothing short of disastrous to assume that we can lick our post-war problems by reversing the process and creating employment by spreading the work. This was the course followed by the Republic of France in the years immediately prior to 1939 and I believe more than any other single fact was responsible for making her an over-ripe melon to be plucked by the hard-working Nazis.

For the past ten years we in this country have already suffered greatly from this same faulty psychology. Business policies, labor policies and governmental policies all have arisen out of a fear psychosis based on the assumption that ours was an economy of scarcity and that salvation was to be found in restricting output of goods by business, feather-bedding and other restrictive regulations by labor, and such policies as the plowing under of little pigs by Government.

Gentlemen, I have no more profound conviction than the urgent necessity of reversing this psychology and accepting the faith that we can, if we choose, create an economy of plenty. This faith would involve a conviction on the part of businessmen that the only sound policy is volume production with a small unit profit, a conviction on the part of labor that monopolistic and restrictive labor policies must be abolished, in the belief on the part of Government that all unnecessary restrictions to an expansion of the economy must be removed. This in brief is the core of the CED philosophy.

Practically everyone of the specific post-war problems which I shall discuss today can only be solved by the rapid attainment of higher levels of production than we have ever known. If we can achieve such levels of production the employment problem will largely take care of itself, the great threat of post-war inflation will be eliminated or greatly reduced, and the problem of balancing our Federal budget and carrying the tremendous load of governmental debt can be solved.

Now I must give you a few figures which bring out dramatically the size of the employment and production problems that lie ahead of us.

Department of Commerce ex-

(Continued on page 1886)

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(Continued from page 1883)

ings accounts for about $31,000,000,000, including an increase of about $5,000,000,000 in holdings of the Federal Reserve banks.

Since your last meeting all three of the War Loan drives of this war have been successfully conducted, accomplishing sales of Government securities to buyers other than commercial banks in an aggregate amount of more than $40,000,000,000. We wish these sales had been a larger share of total borrowings. This type of borrowing will have to be stepped up. And we can take encouragement from the steady progress recorded. Omitting the very short-time issues and including only Treasury bonds and savings bonds, individuals, mutual savings banks, savings and loan associations, insurance companies, and other non-banking investors bought bonds in the three campaigns as follows: First War Loan, $4,600,000,000; Second War Loan, $8,300,000,000, and Third War Loan, $11,600,000,000.

Of these amounts, individuals alone took Treasury and savings bonds: First War Loan, $1,300,000,000; Second War Loan, $2,900,000,000, and Third War Loan $4,800,000,000.

These figures show rapid progress in the public distribution of Government bonds.

For a long time now the financial community has discussed the advisability of the Government's issuing securities redeemable on demand—the Series E bond in particular. As you know, the Treasury has given more encouragement to the sale of this issue than to that of any other security. And I have no doubt it will continue to do so in the future, in its efforts to distribute bonds widely among small investors.

Savings bonds amount to about 15% of the interest-bearing debt, and it is believed that to have that portion of the debt which is widely held by the people written in terms that guarantee owners against loss is an influence for financial calmness, confidence and peace of mind—an influence similar in its purpose and effect to that of the Federal Deposit Insurance Corporation.

Also the redeemable bond has the virtue of permitting greater flexibility in interest rate policy in the post-war period, by reducing pressure on the Government to "stabilize" the market for Government securities and thereby giving the Government greater freedom of action. If negotiable bonds were sold to small investors in large amounts, the Government might be under pressure to maintain the entire market for high-grade securities (including those issued by private borrowers) in order to assure small investors against loss. But if small investors have been separately provided for by means of redeemable securities, the decisions with respect to the appropriate rate of interest on general market securities in the post-war period may be made irrespective of the special problem of small investors.

Another feature of savings bonds that has caused concern is the possibility that holders might cash them and endeavor to spend the proceeds at a more rapid rate than goods can be produced, and thus invite a post-war inflation. But it should be kept in mind that this danger would be equally great in the case of negotiable securities, which are, from the point of view of the holder, as liquid as those which may be redeemed at the Treasury. The only difference is the uncertainty with respect to price in the case of a market issue.

Finally, the graduated scale of redemption values on Series E bonds has these two advantages: First, it greatly reduces interest cost to the Government on money which proves to have been borrowed for short periods only; and, secondly, provides an incentive for continued holding of bonds in the form of a high interest rate for the remaining period. A Series E bond of $100 maturity value costs $75. In five years it can be redeemed at $82. Only $7 has been added. But in the second five-year period it will further increase in value by $18. After holding one of these bonds a few years the owner has title to an unusually profitable investment for the remaining period, and this feature cannot fail to become widely understood and appreciated.

Now I want to mention some of the lessons taught by the Third War Loan experience.

First, it demonstrated that large numbers of persons can be sold Government securities if the contact is on a person-to-person basis. Over 52,500,000 pieces of E bonds were sold, as compared to 33,000,000 in the Second War Loan drive. In dollars, nearly $2,500,000,000 of E bonds were sold, as compared to $1,500,000,000 during the Second drive.

Second, some new sales ideas that were introduced during the drive were successful. Among these were the plant quota and the campaign to sell an extra $100 in War bonds.

Then there was the marvelous cooperation of the huge volunteer sales army and of the people who had to handle the less glorious parts of the operation—the employees of issuing agents who had to get the bonds inscribed and the employees of banks and other business organizations who contributed much hard work tabulating local subscriptions in order to keep solicitors informed of the progress from day to day.

There were a number of things

(Continued on page 1898)

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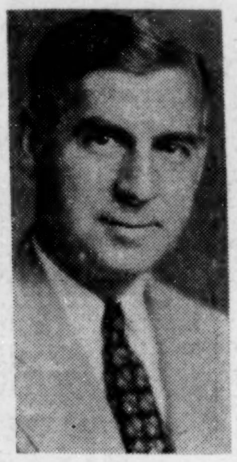

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Vinson Calls for Courageous Tax Program to Prevent Inflation

Declares That 20 Billions In Excess Purchasing Power, 40 Billions In Individual Deposits and 16½ Billions In Currency Held By People Constitutes Dangerous Inflationary Threat. Says Experience Demonstrates Inability to Rely Upon Further Increases In Voluntary Savings to Absorb Excess Purchasing Power. Solution Lies In Courageous Tax Program With Special Consideration to Substandard Groups

Asserting that "higher taxes, in combination with increased personal war bond purchases, afford the one safe fiscal road which we can travel in these perilous times," Fred M. Vinson, Director of the Office of Economic Stabilization, called on Congress and the American people on Nov. 4 to adopt "a courageous tax program" in order to "keep faith with our fighting men" and "with America's future." In addressing the annual meeting of the Investment Bankers Association in New York City, Mr. Vinson stated that "four-fifths of our national income is in the hands of individuals earning $5,000 a year or less; "if," he said, "we are to siphon off purchasing power from the levels of income where inflationary pressures are the most severe, those who fall in these income groups and whose incomes are above the level of decent war-time subsistence must bear a substantial portion of the increased burden. This can be accomplished by lowering the present personal and dependency exemptions, by raising the normal and surtax rates, and by placing sharply increased excises upon luxuries." "Such proposals or others similar to them," he added, "are I believe decidedly preferable to a general sales tax."

Fred M. Vinson

Warning that inflation is "a monstrous evil" that must be prevented, Mr. Vinson declared that "too many still seek to improve their economic position as individuals and as groups at the expense of total mobilization for economic stability in war and peace."

Mr. Vinson called the Treasury's program for $10,500,000,000 in additional taxes "a conservative request" from the standpoint of fiscal needs and from the standpoint of economic stabilization. With respect to the contention of some business and political leaders that the American people cannot pay more taxes, he cited figures to show that Americans "are this year spending astronomical sums for jewelry, furs, fine clothes and other luxuries."

We give as follows Judge Vinson's address:

Tonight I intend to talk about taxes. Fiscal policy is the heart of economic policy. This is particularly true in time of war when the government purchases such vast quantities of the implements which are now spelling certain destruction for the enemies of freedom. Taxation is a compli-

(Continued on page 1887)

Looking Into The Post-War World

(Continued from page 1884)

perts estimate that a satisfactory level of employment will be achieved only if we can provide jobs in the post-war period for somewhere in the neighborhood of 55,000,000 civilian workers. This total is some 9,000,000, or 22% greater than the aggregate of those similarly employed in 1940.

The problem is further complicated by the great strides in industrial technology which have been taking place during the war.

As a result of these advances, these Government experts estimate that, with 55,000,000 civilian workers employed in the immediate post-war period, our national output of goods and services could be about 45% greater than of 1940.

In other words, an increase of 22% in total employment would be accompanied by a gain of 45% in total production.

Looking at the problem from another angle, these same experts state that, if our national post-war production should be no greater than that of 1940, unemployment may reach the staggering totals of 15,000,000 to 19,000,000, compared with 6,000,000 to 8,000,000 in 1940.

From these figures, certain conclusions emerge:

1. If American business is to do its share in reaching the desired objective, it will have to raise its sights to much higher levels of production than ever attained before in times of peace. The problem is not just one of reconverting industry to peacetime production. That would be relatively easy to accomplish. What is called for is the much more difficult task of reconversion accompanied by a rapid and substantial expansion.

2. Time is of the essence. If new high levels of production and employment are not rapidly attained, we shall be threatened with a dissipation of war savings, with the destructive effects of inflation, and with the paralyzing influence of mass unemployment upon all policies, domestic and international.

What are the implications of all of these facts for investment banking? They are, first, that the demand and supply factors are amazingly favorable. If we are to achieve a 45% increase, or even a 30% increase, in our national output of goods and services, the demand for additional capital will certainly be tremendous. Additional working capital will be needed in large amounts to handle the increased volume of business.

Additional fixed capital will be required, not only for replacements deferred during the war, but also for an actual expansion of plant capacities. I am not worried about the possibility of great surplus capacities in many of our basic raw material industries, such as steel, copper and aluminum. I believe that the war caused expansion in these industries and is one of the important reasons why

(Continued on page 1894)

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Vinson Calls for Tax Bill To Prevent Inflation

(Continued from page 1886)

cated business, but the underlying principles of a wartime fiscal policy are in essence simple and understandable. Naturally, it is the desire of some for economic self-interest or political advancement to becloud these simple issues by complicated smoke screens of argument and statistical legerdemain. Perhaps, in this field as in many others through which the winds of doctrine have blown so hard, we need what the late Justice Holmes called "education in the obvious."

Back in 1876 that distinguished Kentucky pundit, the late Henry Watterson, was discussing some of the fiscal and financial controversies of his day. "Marse Henry," he said rather sharply, "all of us cannot be educated political economists capable of nice, hairsplitting distinctions. For our part, the sum of our financial knowledge has not materially increased since the day we bought a ginger cake for five cents, traded it for a ten-cent watermelon and sold the watermelon on credit to a black boy, who afterwards repudiated the debt."

Certain facts about our wartime economic picture are indisputably true. From these facts there flow certain almost inevitable conclusions. Once these facts are stated and the conclusions drawn, many of the controversies which attend the construction of a wartime revenue system melt as mist before the sun.

I want first to state some of these facts, along with the conclusions which, to my mind, follow.

Our Federal Government is spending $100,000,000,000 a year for war. We are training, equipping and sending into battle a vast army, a vast fleet, and a vast air armada. Soldiers, sailors and airmen must be fed and clothed and supplied with the tools of war. This necessary equipment must be produced, assembled and transported to the battle grounds. To do this requires money, manpower, raw materials and machinery.

Sometimes I believe that it is impossible to comprehend the magnitude of this productive effort. In economic terms, it means that the unequalled resources of America are not only for the first time fully employed, but are directed toward a single objective—military might and military victory. Total mobilization for total war is our objective.

In peacetime, it is the aim of economic policy to secure the fullest employment for our human and material resources in the production of useful goods and services for civilian consumption. In peace time we all share the common desire to see jobs available for every man and woman who wants to work, so that we may produce more food, more clothes, more shoes, more automobiles, more refrigerators, more radios, more houses and more goods and services of all types. In wartime, our national objective is the very opposite. We not only witness full employment for every man and woman who wants a job, but we go into the highways and byways to search out new sources of manpower and womanpower. Men and women who formerly were able to get work only two or three days a week are now working long hours of overtime. But, contrary to our peacetime policy, we have cut the production and reduced the consumption of civilian commodities to the lowest level consistent with the maintenance of maximum productivity for our labor force. All the rest of our creative energies we are devoting, or at least we should be devoting, to the production of goods and services for use on foreign battlefields, rather than in American homes.

Financially, however, the story is quite different. The expenditure of unprecedented sums of money for war has created a national income at unprecedented levels. With every available man and woman working on a full time or overtime basis, wage and salary payments are at the highest levels in our history. Increased food and fiber production and the increased demand for the products of the farm has brought agricultural income to an all-time high. Business volume and business profits are also higher than ever before in our history.

Consequently, the total income received by all the individuals in the nation is at a record level. For the calendar year 1944 it will reach $157,000,000,000. During this period of time, we shall produce only $90,000,000,000 worth of consumer goods and services.

Of course, this does not mean that all of our income will or can be spent. Twenty billions will be collected in State, local and Federal taxes, at existing rates. The Treasury estimates that approximately $9,000,000,000 will go into ordinary long-term savings—repayment of personal indebtedness, payment of insurance permiums, building and loan funds and mutual savings accounts.

War bond purchases must also be taken into account. It is estimated that, during the calendar year 1943, individual investors will buy about $17,000,000,000 worth of war bonds. We may assume that these purchases will not decrease during the calendar year 1944.

If, however, we add up all these offsets against the national purchasing power—taxes, war bond purchases, and all other forms of individual savings, there will still be left a current surplus of $20,000,000,000 in individual purchasing power. And this is not the whole measure of excess spending power. We cannot ignore the $40,000,000,000 in individual demand and time deposits and the $16,500,000,000 in currency held by individuals.

In the realm of fiscal policy, the principal problem confronting the American people therefore is what to do with these billions of excess spending power. As I see it, there are three alternatives: First, people could, through the processes of democratic government, decide to levy taxes sufficient to absorb a substantial portion of the excess purchasing power. Second, the people could, acting individually and cooperatively, try to add to the volume of their individual savings through the purchase of more war bonds; or, third, and most disastrously, the people, individually and competitively, could set off a spending orgy in trying to outbid each other for the limited supply of consumer goods and services available. Such a spending spree would find its manifestation in a continuous rise in the level of retail prices and living costs—and it is that which we define as inflation.

No one of these methods of attack need be exclusive. In fact, we have, during the past two years, tried a combination of all three. Our tax burden has increased substantially since Pearl

(Continued on page 1890)

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SEC Bid and Asked Disclosure Plan Would Snuff Out Small Dealers and Impair Nation's Whole Economy

(Continued from page 1870)

action, before accepting an order for execution from a customer, will not remedy the defects of the business but will deprive investors of the honest and efficient service being furnished now by thousands of small dealers throughout the country. To realize how monstrous the proposal is, one only has to reflect on what the effect would be on our economy if those in every line of business were obliged to reveal cost prices to their customers before selling merchandise to them. This aside from the fact that a reading of the proposed rule (given in full below) itself will reveal that the dealer would be called upon to do the impossible in many instances.

Some Effects of the Rule

If this rule should become effective the dealer in over-the-counter securities that was not forced out of business would be obliged to confine his transactions with customers to that body of securities in which there is a ready market and bid and asked prices are readily available. This group of securities would include large and widely distributed issues of over-the-counter bonds and a very few well known stocks in which dealers feel reasonably safe to take a position because of their ready market. The great mass of over-the-counter securities would be ruled out because a dealer could not take the risks of these transactions. The market for venture capital would be almost closed. Admitting the high moral purpose of the SEC no one could doubt the calamity to business enterprise of this result. Few dealers would be able to stay in business and those few would probably consist of those who are large enough to specialize in bonds and do a volume business with institutions. The public would be shut out of the over-the-counter market, and the present limited information and service would be closed to venture capital and enterprise. Of course a "Black Market" would develop. Men would again gather on the street corner as in primitive days and swop securities and barter. Perhaps this would be outlawed but it would go on anyhow because even the SEC cannot kill the spirit of freedom and enterprise, but they may greatly cripple the country's progress by driving a legitimate business to the underworld.

What is the purpose of this proposed rule? We suppose the purpose is to "protect" the investor, whatever that means. But shall we destroy a necessary business just because mistakes are made—and we, for our part, are willing to believe that most of these mistakes are honest mistakes. There is plenty of chance for dishonest mistakes and no doubt there are enough of them. But would not the proposed method of remedying this matter be too costly?

Can it be possible that the SEC has not analyzed the economic effects of this proposed rule? Certainly such destructive processes are not new in business and government. Down through the ages society has struggled for freedom; freedom from government restriction and destruction as much as freedom from dishonest men. For more than two thousand years society has had to fight the battle against government destruction of legitimate private business. J. S. Mill, one of the world's most renowned scholars in economics, finance, political science, government and philosophy, and who made his living as a practical business man, wrote in part almost a century ago, after a long life of experience:

"Experience . . . proves that the depositaries of power who are mere delegates of the people, that is of a majority, are quite as ready (when they think they can count on popular support) as any organs of oligarchy, to assume arbitrary power, and encroach unduly on the liberty of private life."

* * *

"A democratic constitution, not supported by democratic institutions in detail, but confined to the central government, not only is not political freedom, but often creates a spirit precisely the reverse, carrying down to the lowest grade in society the desire and ambition of political domination.

* * *

"In proportion as all real initiative resides in the government, and individuals habitually feel and act as under its perpetual tutelage, popular institutions develop in them not the desire of freedom, but an unmeasured appetite for place and power; diverting the intelligence and activity of the country from its principal business to a wretched competition for the selfish prizes and the petty vanities of office.

* * *

"Few will dispute the more than sufficiency of these reasons, to throw, in every instance, the burden of making out a strong case, not on those who resist, but on those who recommend, government interference. **Laissez faire**, in short, should be the general practice: every departure from it, unless required by some great good, is a certain evil."

This famous philosopher, experienced with long years in business and government, including international relations, further points out that the basic cause of the French Revolution was the depressed business conditions and poverty resulting from government bureaucracy, restrictions and the resultant decline in production and employment with the natural increase in poverty and hard times as a result.

Any one familiar with Brooks Adams' account of the "Decay and Fall of Civilizations," written more than 50 years ago, or with the effect of government regimentation and bureaucracy since World War I in European countries, cannot avoid being disturbed by the parallel developments in the so-called democracies, and especially in these United States. In this one particular — the capital market, the touchstone of free enterprise, and the foundation upon which all other freedoms rest — the unnecessary regimentation and costly detailed records that help no one, are retarding private business as well as production for war needs. Legitimate business is restrained and many of the most capable individuals are being driven out of business by these unnecessary costs. Industry and production, so vital to the country's prosperity, are being strangled.

What is the REASON for all this BUREAUCRACY and REGIMENTATION in the midst of a war where the nation's very democratic life is at stake in a fight for FREEDOM? The laws which the SEC

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purport to be administering were enacted before the war began. But do these laws grant this administrative body any such power to force upon this useful and necessary business these impossible and destructive rules at a time when a large part of the active and skilled personnel in the over-the-counter business are fully engaged in war work and do not have either the time, money or permission from their duties to defend their business? Will they return and find their jobs regimented out of existence, and the freedom for which they are fighting abroad destroyed at home? Can we not promote administrative policies, and rules and regulations that will provide a premium on honest and legitimate business, instead of destroying it?

The CHRONICLE invites comments on the SEC's proposed Bid and Asked Disclosure Rule discussed in the above article and given in full below. Where the comments received are published, the names of the authors will be omitted where requested. Communications should be addressed to Editor, Commercial & Financial Chronicle, 25 Spruce Street, New York 8, N. Y.

Text of Proposed Bid and Asked Disclosure Rule

A — General Provisions. The term "manipulative, deceptive or other fraudulent device or contrivance," and the term "fraudulent, deceptive or manipulative act or practice" as used in Sections 15-C-1 and 15-C-2, respectively, of the [Securities] Act are hereby defined to include any act of a dealer designed to effect a sale to or a purchase from a customer, by such dealer, of any security, unless such dealer, at or before the completion of each such transaction, discloses to such customer in writing:

(1-A) The best independent bid and asked prices for the security at the time of the sale or purchase which the dealer is able to ascertain upon the exercise of reasonable diligence; or

(1-B) The best independent bid or asked price at such time, if the dealer, after the exercise of reasonable diligence, is unable to ascertain both a bid and an asked price; or

(1-C) If neither such a bid nor such an asked price can be obtained after the exercise of reasonable diligence, the price at which the dealer was able to acquire the security in that bona fide transaction which is closest in point of time to the proposed sale to or purchase from the customer, but which is not more remote than 60 days prior to such proposed sale or purchase, provided, however, that if the dealer has had no such transaction he shall make the disclosure required by Paragraph 2 hereof; and secondly

If the disclosure is made pursuant to B or C of Paragraph 1 hereof, the fact that after the exercise of reasonable diligence he was unable to ascertain a current independent bid or asked price, or both, as the case may be.

Disclosure in Notice

B — Nothing in this rule shall be understood as preventing any dealer from stating in the written notice required by Paragraph A hereof (1) that the bid and asked prices so disclosed apply to an amount of the security less than that sold to or purchased from the customer, if such be the fact; (2) that the information pertaining to the bid and asked prices disclosed to the customer has been obtained from sources believed to be reliable, if such be the fact, but that he is not able to state that a transaction could be effected at the disclosed price or could not be effected at a better price; and (3) any other fact, not inconsistent with the purposes of this rule, which the dealer may wish to disclose.

C—Records to be kept. Every dealer who makes a disclosure pursuant to Paragraph 1-A of this rule shall make and preserve a record of (1) the information so disclosed, (2) the date and time as of which such bid and asked prices were current, (3) the sources of the information disclosed and (4) the date and time such information was obtained.

Exemptions Specified

D—Exemptions. This rule shall not apply to the following:

1. Any transaction in a security during the 30-day period following the date on which the security is first publicly offered, provided that a registration statement is in effect as to such security under the Securities Act of 1933, as amended, and provided further that the dealer in connection with such transaction, gives to the customer the prospectus required by that Act.

2. Any transaction effected on a national securities exchange;

3. Any transaction which is a part of a secondary distribution approved by a national securities exchange and which is effected during the course of such distribution; and

4. Any transaction in an exempted security, provided, however, that no transaction in an exempted security which is a direct obligation of or an obligation guaranteed as to principal or interest by a State or any political subdivision thereof or any agency or instrumentality of a State or any political subdivision thereof or any municipal corporate instrumentality of one or more States shall be exempt from the provisions of this rule unless such transaction occurs in the course of a public offering of such security by the issuer thereof.

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Vinson Calls for Tax Bill To Prevent Inflation

(Continued from page 1887)

Harbor; our individual savings have also increased markedly; and the cost of living has undergone a sharp rise.

The question which confronts us today is whether we shall continue to try all three methods, or whether we shall increase the emphasis upon any one of them.

Theoretically, any one policy or any given combination of policies might work, though the consequences would by no means be the same. Certainly, the experience of the past two years does not indicate that we can rely upon further increases in voluntary saving to absorb the necessary billions of excess purchasing power. The success of such a policy would require the American people at least to double their individual war bond purchases during the coming year. I do not believe that we can take the risks inherent in any such optimistic hope. Certainly the record of purchases up to the present time would not give substance to the hope.

Why not let prices rise? Increasingly there are voices clamoring for this solution. Moderate inflation, they say, is a stimulant to the body economic. It encourages production and tones up the circulation. After all, these specious critics cry, higher prices are themselves deflationary, since they absorb excess purchasing power and thereby balance the demand for goods and services with the limited supplies which are available.

Such an argument assumes, however, that we can allow prices to rise while we freeze wages and salaries. Such an assumption, once it is stated, almost refutes itself. Manpower, like all the other factors of production, is at a premium in time of war, since we need more than we have. Men simply do not remain at work for fixed rates of pay while the prices of the things which they must buy are allowed to soar.

For some workers, particularly the sub-standard wage earners and the white-collared employees who live on relatively fixed incomes, rising prices mean an inability to buy the bare necessities of life for themselves and their families. Even if these millions of men and women were willing to work at fixed rates of pay in the face of soaring prices, their productivity would soon suffer.

It is plain as day that if prices go up, wages will soon follow them. Rising wages, of course, mean rising incomes, and we should soon find ourselves faced with the same difficulty we had at the beginning—an excess of purchasing power over the goods and services available to meet the effective demand in the hands of consumers. This see-saw of rising prices and wages is what we know as the inflationary spiral.

It results in the inordinate growth of the public debt, the destruction of all fixed values, the dilution of the people's savings, instability in the financial structure, in social conflicts of every pernicious variety — strikes and slowdowns, bitterness and discord. It is the broad highway to national disaster. That road we must not travel.

There remains, therefore, the alternative — additional taxation designed to siphon off the maximum amount of individual purchasing power from all those persons who possess incomes above the level of decent war-time subsistance.

Higher taxes, in combination with increased personal war bond purchases, afford the one safe fiscal road which we can travel in these perilous times.

The critical question is not whether we must have more revenue, but how we shall raise it, and how much we need.

Certainly, we need all we can get. The Secretary of the Treasury, with the President's approval, has asked the Congress for $10,500,000,000 more. From the standpoint of fiscal needs and from the standpoint of economic stabilization, this is, in my considered judgment, a conservative request—a minimum and modest amount.

By what method, then, shall this money be raised?

Taxation is somewhat like the sulphur and molasses our parents used to give us for tonic in the spring of the year. Everyone admitted that it was a highly beneficial elixir—for someone else to take. In this respect taxation is not very different from all the other tools of economic stabilization. Just as some want wages frozen while prices are allowed to rise, and vice versa, so do many join enthusiastically in the job of raising taxes—for the other fellow.

As for myself, I am thoroughly of the opinion that, when every alternative is canvassed and every argument exhausted, we had best stick to the tried and true principle of taxation based on ability to pay.

This does not, however, mean that we can afford to place the entire burden of new revenues upon a small minority of the population, while ability to pay is still, in my judgment, the soundest yardstick by which to measure tax proposals. We must also remember that the great mass of our citizenry possesses today a greater ability to pay taxes than ever before in our history.

Four-fifths of our national income is in the hands of individuals earning $5,000 a year or less. If we are to siphon off purchasing power from the levels of income where inflationary pressures are the most severe, those who fall in these income groups and whose incomes are above the level of decent war-time subsistence must bear a substantial portion of the increased burden. This can be accomplished by lowering the present personal and dependency exemptions, by raising the normal and surtax rates, and by placing sharply increased excises upon luxuries.

Such proposals, or others similar to them, are, I believe, decidedly preferable to a general sales tax, levied upon the necessities of life, irrespective of income and disregardnig the minimum subsistence needs of the marginal income recipients.

Any proposal which reduces ruthlessly the already imperiled living standards of the substandard groups— especially the 4,000,000 wage earners still earning less than 40 cents per hour and the millions of white collar employees whose modest incomes have remained at fixed levels in the face of rising prices—is wholly inconsistent with the most elementary standards of justice and fair play. Unless we were to suffer from a material impairment of their productivity, the enactment of an indiscriminate sales tax on the necessities of life would compel widespread readjustments in the wages paid to these employees. Such increases, themselves in part inflationary, would go far to neutralize the effect of the revenue program.

We must, therefore, forge a revenue policy which will draw substantial amounts from those earning $5,000 a year and less without cutting the living standards of those who suffer from substandard conditions. In this connection, and contrary to the impression widely prevalent, it should be noted that more than half of the total tax increases recommended by the Treasury, in-

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cluding both income and excise levies, would come from those in brackets below $5,000.

Some of our business and political leaders have argued that the American people do not possess additional capacity to pay more taxes. This contention is demonstrably false. The very perplexity which confronts us is an excess of purchasing power over goods and services available to consumers. The real question is not whether we can afford higher taxes but whether we can afford to try and get by without them.

Americans are this year spending astronomical sums for jewelry, furs, fine clothes and other luxuries. In department stores, for instance, women spent 104% more for furs in July, 1943, than they spent in July, 1942. Likewise, they spent, in the same month, 65% more for coats and suits, 37% more for dresses, 30% more for blouses, skirts and sportswear, 31% more for underwear, slips and negligees, 24% more for corsets and brassieres and 41% more for gloves.

Likewise, the American people are spending an increased amount to eat, drink and make merry. In August, 1943—in the middle of this second year of allegedly total war, receipts of eating and drinking places were 27% higher than in August of the previous year. Expenditures in theaters, cabarets, concerts and other places of amusement rose 30% over the same period. On flowers, the people spent, it is estimated, 30% more in August 1943 than in August 1942. Similar increases are estimated for beer, wines and liquor, for cosmetics and toilet preparations, and substantial increases for cigars, cigarettes and tobacco.

As compared with the average for the typical pre-war years, expenditures in clothing stores had increased 102%, at eating and drinking places 143% and in jewelry stores 218%.

Who, in the face of these startling figures, will contend that the American people cannot pay more taxes. I do not believe that the sober citizenship of this great democracy desire ease and luxury for themselves while their boys are dying on the battle fields of this titanic global war.

Some day our boys will return. Many will come back wounded, crippled and maimed. I pray God they may not come back to find that, through love of ease and pleasure, through political cowardice and personal ambition, we have betrayed them.

We are the fiduciaries of their freedom, the trustees of their future. I pity the political truckler and the sunshine patriot who must say, when called before the bar of judgment by the returning heroes, "I thought the American people could not afford to pay more taxes. I have passed onto your shoulders the financial burdens of this war which you have fought and won. I took the bread from the mouths of your wife and children while you fought for me, while the American people were spending their substance on luxuries and entertainment."

There may be some among us who regard inflation as a kind of abstraction—a theory concocted by the impractical visionaries who dream up ways to make our lives complex. There are others, known to me, who would welcome a touch of inflation and are exerting their pressure and influence to take off the lid. But I assert to you that unless we as people have the vision and the courage to accept without complaint the restraints necessary for stability, we will pay for our folly with a bitter and hideous coin.

We speak of sacrifices. Most of us at home have no basis to use the word seriously unless, perchance, a loved one has laid his life upon the altar of freedom. I do not pretend to preach or scold, but I say to you with earnestness that too many still seek to improve their economic position as individuals and as groups at the expense of total mobilization for economic stability in war and peace.

An incessant parade files through my office—and I welcome them and appreciate their concern—each seeking in his turn to claim exemption for the rules that have been laid down to keep our economy whole.

War can afford no occasion for privilege or immunity. Nor can all the old inequities in our economic structure be remedied in the midst of total war.

There is no easy road, no short cut by which to solve the problems that confront us at home. Our capacity for self-discipline must be equal to the irritations and restraints made necessary by war. And, though the military news be encouraging and our diplomatic achievements a proud moment in our history, we cannot relax our vigilance until the evil hordes of tyranny and brutality are eradicated from the face of the earth.

No, inflation is not an abstraction. It is not a theory, an intangible will-o'the-wisp. It is a monstrous evil that just must be prevented from destroying the America which we at home have the responsibility to keep whole for the return of our fighting men who are at this moment offering their lives for us.

And these boys, the best and bravest of our youth, do not lightly regard that which we at home too often ignore. They are thinking perhaps more than we of the America to which they long soon to return. Recently I was given a letter received by a friend from an enlisted man in West Africa. These lads have time to think soberly and, perhaps, more clearly and fundamentally than ever before. Their minds are directed toward simple, eternal, American values. And if you think inflation is to them a meaningless abstraction, I beg you to

(Continued on page 1897)

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Real Estate in Post-War Period

By H. R. AMOTT

Harry R. Amott Sees Building Boom After War Terminates and Expresses Belief That Even Though Building Costs Are Now 27% Higher Than 1935-39 Average They Will, If Anything, Rise But May Be Offset By Improved Production Methods

The investment dealer, banker, broker, builder and business man who is interested in real estate in the post-war period should start now, if he has not already done so, to give thoughtful consideration to the problems of reconstruction which confront the building industry.

H. R. Amott

So long as the war exists the industry must remain in a relatively static condition. At present the construction of private dwellings is limited to war housing. Furthermore, the program of war plant construction has largely been completed. Consequently, building contract awards this year will show a sharp decline. The curve may flatten out in 1944 but until we see an end to the war there can be no wholesale release of capital for new home building.

It is this static condition of the building industry that leaves no room for doubt, in my opinion, as to the huge needs for new construction after the war. Actually, there was a building shortage before the war; the result of the depression of the decade from 1930-1940. Thus, we find ourselves today with several million dwellings unfit for proper living. Those dwellings must be replaced. Add to this the shifting of commercial and industrial centers; brought about by the war effort. Coupled with this we have witnessed and still are witnessing a re-location of our population. We must expect that a part of this re-location of our people will be permanent. And, last but not least, the demobilization of our vast military personnel will require that new homes as well as jobs be made available for returning soldiers if the general welfare of our people and our national economy are to be maintained on a wholesome plane.

While new building needs in the post-war era cannot be accurately charted because of the impossibility of estimating in any true sense the replacement factor, some observers believe there will be a need for a minimum of 1,000,000 homes a year for at least ten years. Other estimates run higher. In any event, nearly all forecasters appear to visualize the largest building boom in our history.

If private capital is to play an important role in the financing of new housing, etc. it is important to consider whether real estate in the post-war era will sell for more or less than its present level. Some of the factors which determine realty values are (1) the relationship between supply and demand for each particular type of property in its particular community, (2) building material prices, or replacement costs, (3) taxes, (4) mortgage interest rates.

As to the first factor I believe there will be a good balance between supply and demand but as a result of population shifts due to decentralization of industry and commerce and improved means of transportation, further expansion of some of the more populated pre-war communities may be economically unsound; but this should be offset by the growth of new towns and cities. Thus, proper selection of property to be improved will, as in the past, be a prime consideration.

The second factor deals with building material prices and replacement costs. It is important because only if such prices are right can a wide-scale building program prosper. I do not perceive of a decline in the costs of labor or materials. Today, these costs are approximately 27% higher than the 1935-1939 average. If anything, such costs may continue to rise. As an offset, however, we have improved methods of production which, I feel, may insure the construction of new and better buildings for less money.

The third factor, taxes, has another very direct bearing upon our problem. In New York, for example, we have seen very little reduction of real estate taxes although realty values up to a year ago had depreciated substantially. Taxes, therefore, play an important part. Unfortunately, the costs of government are more likely to increase rather than decrease. Consequently, I foresee no reduction in tax rates. In communities where over-development took place prior to the depression this factor may be a deterrent to new construction because of its devaluating effect upon existing structures. The over-all picture, however, does not appear objectionable.

We now come to the question of mortgage interest rates. For the past decade we have seen a constant decline of interest rates resulting from foreclosures, lack of new building, refinancing and an increase in savings deposits. Furthermore, government curtailment of spending during the war period is increasing our cash deposits. Thus, I foresee ample funds available for investment when hostilities cease. With huge cash resources at hand seeking employment, interest rates can perhaps be counted upon more surely than any other factor as the one thing least likely to increase. Capital should, as a consequence, be available at a reasonable rate.

This latter factor brings us directly to the part investors will play in the financing schedule. Insofar as private homes and residential apartment buildings are concerned, it appears that government aid through a continuation of FHA insurance will provide the backbone for stimulation of lending by savings institutions, insurance companies and private investors. Since most savings banks and Federal savings and loan associations need pay but relatively low interest rates to depositors they would be in a position as lenders to provide needed capital at moderate rates particularly if the ele-

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ment of risk can be largely discounted through FHA protection.

Slum clearance appears to be primarily a problem which can best be handled directly by governmental financing. The FPHA has completed some of this work to date with particular emphasis during this war period on construction of suitable housing facilities in defense areas. We can expect that the facilities of FPHA will be extended to all commercial centers where over-crowded living conditions exist after the war. But this organization's principal responsibility should deal wth the demolition of uninhabitable tenements and the erection of suitable low-cost housing projects for the so-called under-privileged classes. I believe it would be difficult to induce private capital to undertake and assume the risks of such a program.

So far we have not indicated the position of the investment banker. If underwriting of real estate mortgages is to prevail again after the war I believe that the investment banker fits best into the field of financing new business structures such as office buildings, hotels, factories, etc. and the refinancing of existing structures. There has been no new financing of office buildings and the like for almost a decade. Most refinancing has taken the form of reorganization plans with new capital, when needed, provided by lending institutions or the RFC. The RFC may continue to foster aid to recapitalization plans as well as new building but, if conditions are right, government financing in any form should not be necessary. Private capital has generally been willing to assume normal risks for a fair return on its investment. I feel reasonably sure it will continue its desire to assume such risks.

New construction of business properties must, however, await an increase in existing rental rates without a corresponding rise in costs of labor, materials and taxes. At present, it would be unthinkable to pay the price of new building in the light of the current average level of earnings of office buildings. But indications point to an upward swing in the curve of rental rates. The continuation of that upswing will depend upon the length or duration of the war and upon the possibilities of further inflation. It would be foolhardy to make predictions at this stage but the time should not be long at hand when the general picture may become more clearly defined.

A final thought: as a securities dealer who has been handling all types of investments including rails, public utilities, industrials and municipals, I have been in a particularly good position to judge the relative investor interest in real estate. And, from a dealer's point of view, I would say, that investor interest in the real estate securities market took a very definite upward turn at the beginning of this year and has continued to move ahead month by month to date. The present trend suggests that full restoration of the public's confidence in real estate may not be remotely distant and when that point has been attained I believe we may again anticipate a revival of public buying interest in new mortgage underwritings and in the refinancing of existing mortgages.

OUR REPORTER'S REPORT

Next week promises a rather full-blown revival of activity in the underwriting field what with one sizable railroad undertaking and two public utility underwritings up for consideration.

And to make it the more interesting, it develops that all three projects will be carried through under the auspices of competitive bidding, the two utilities naturally by reason of the Rule U-50 embodied in the Public Utility Holding Company Act, and the railroad financing as a matter of choice on the part of the issuer.

Bids will be opened at the New York office of the Southern Railway Co. on Monday for an issue of $15,000,000 of 20-year first mortgage bonds of the Atlanta & Charlotte Airline Railway.

From current indications, competition will be fairly keen for this piece of business with several groups reported prepared to enter the bidding.

Proceeds from the sale of the new refunders will be used together with $5,000,000 to be provided by Southern Railway Co., which operates the road under lease, against new second mortgage bonds, for the redemption of $20,000,000 of outstanding obligations.

The bonds to be retired are the series A and series B bonds, due next July carrying coupons of 4½ and 5%, respectively.

Blackstone Valley Gas & Electric

Another issue which is expected to bring out several competing bids is that of the Blackstone Valley Gas & Electric Co. on which bids will be opened in Boston next Tuesday.

Bankers will be bidding, in this case, for a total of $11,300,000 of first mortgage and collateral 3% bonds, due in 1973.

The company proposes, with the net proceeds from the sale of the foregoing issue, and such treasury cash as may be necessary, to redeem on Dec. 1, next, an equivalent amount of outstanding obligations.

Southern Colorado Power Co.

Smallest of the three issues now definitely in sight for next week is that of the Southern Colorado Power Co. involving the sale of $5,500,000 of new bonds.

Bids for the new first mortgage bonds, to carry a maturity of 25 years, are due to be opened in Chicago on Tuesday morning. Midwestern houses are expected to participate actively in the bidding here.

Equipments Eagerly Sought

Except in isolated instances, the new issue market has been a "seller's" paradise for many months past. Even some of the insurance companies who have continued to balk on new offerings yielding less than 3% return have been showing signs of weakening.

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Looking Into The Post-War World

(Continued from page 1886)

we may be able to achieve our goal of increased national output, and that these apparent surpluses are likely to be absorbed within a relatively brief period of time.

I have no idea what the actual volume of new capital requirements may be but I am sure it will be enormous, particularly if we achieve the desired objective of increasing the national output by 30 to 40%. Under such circumstances, I believe the reports you have been discussing today underestimate, rather than overestimate, the possibilities in this connection.

The supply factor in the capital equation appears at least equally favorable. Present estimates indicate that the volume of individual savings in the United States may aggregate $100,000,000,000 by the end of 1944. This huge reservoir of savings, induced by the great discrepancy between wartime incomes and the lack of goods available for purchase, should provide a magnificent market for securities for many years after the war. In addition, corporate savings in many areas, notably the railroads and utilities, have been substantial and will enable many of these companies to emerge from the war with greatly improved balance sheet positions. Most of the States and municipalities have been able to effect important reductions in outstanding debts during the war and, therefore, will be in a better position to borrow when peace returns.

It seems clear to me that the supply of capital will be sufficiently large to hold long-term interest rates down to very low levels for several years at least after the termination of hostilities. I believe, however, that we should anticipate a basic change in interest rates a few years hence. Except for one notable interruption between 1925 and 1929, long-term interest rates have displayed a secular downward trend ever since the spring of 1920. If, as I anticipate, the liquidation of the present war will be followed by one of the great periods of industrial expansion in modern history, we can look forward to a long, gradual rise in interest rates comparable to that which took place between 1903 and 1920. This secular change will probably not start for several years, and, in any event, is likely to be so gradual that it will be difficult to observe for some considerable time after it is under way.

Now, I know you will say that demand and supply statistics may be lovely things to contemplate, but, by themselves, mean very little. Investment banking, perhaps as much as any other business in the world, must also have a favorable climate of governmental policies in which to operate. We, in the CED are convinced that no matter how boldly or intelligently businessmen may plan for the future, the desired goals of production and employment cannot be attained unless governmental policies are favorable to the fostering of individual initiative.

It is for this reason we have under way a broad research program devoted to an examination of all important national policies, primarily those of Government, but also those of labor and business, which have a bearing on the attainment and maintenance of high levels of production and employment. Our objective is to examine critically every policy which tends to obstruct an expanding and dynamic economy.

Let us take a look now at some of the problems which are worrying you. Your reports indicate that the subjects uppermost in your minds are the settlement of terminated war contracts, disposal of Government plants and equipment, and taxation policies. I should like to comment briefly on each of these and add to this list for brief discussion a few words on the labor problem, and on the great threat of post-war inflation. The only problem on which we have formulated and announced a definite committee policy is that of the settlement of war contracts. On all the other problems which I have menioned I can therefore only give you some ideas of my own because the CED has not yet crystallized its own official position.

With regard to the settlement of terminated contracts, I think it would be better to save your time here and ask those of you who are interested to read the brief report which we have available on this subject. You will find in this report a series of recommendations for Congressional action all designed to expedite the release of business funds now tied up in war production. We are convinced unless drastic action is taken by the

Business and Finance Leaders Laud B. M. Anderson Plan To Promote Peace-Reemployment

(Continued from page 1872)

nomic problems of 130,000,000 people; that (it) is a piecemeal job for each industrial establishment" and insist that free enterprise be given a free rein to work out its own problems.

Should income taxes go much higher than they are, it would smother free enterprise. A man who risks his capital in a business venture should be allowed to keep enough of his earnings to justify his effort and risk. The business men of the United States will have the greatest opportunity after this war to participate in world trade since the founding of this Republic. If we take advantage of this opportunity, using our mass production and the nation's gold reserve, we might be able to pay off our national debt in 25 years. A 10% Federal sales tax will go a long way to preserve free enterprise. It would stop a lot of wasteful spending by the Government.

A. F. WHITNEY

President, Brotherhood of Railroad Trainmen, Cleveland, Ohio

A. F. Whitney

I have read the article, entitled "What Can the Government Do to Promote Post-war Reemployment?" with great interest, and might summarize my impressions by asking Dr. Anderson what it is he wants in the postwar world that we did not have during the false prosperity period of the administrations of Harding, Coolidge and Hoover. We all know of the disastrous conclusion of that period. Dr. Anderson's whole philosophy is that the primary purpose of economic production is profits, and that if we understand and follow that philosophy, jobs will be created as an incident thereto. Human considerations seem to be of incidental, if not of small importance to Dr. Anderson. In his

(Continued on page 1900)

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Congress in this connection that the reconversion of industry after the war may be disastrously delayed.

With regard to the disposal of Government plants and surpluses I agree with you that the Government should speedily announce its intention of turning over to private industry all of those plants which it does not feel required to retain from purely military considerations. I believe, however, that there is very little cause for concern in this connection. In many discussions of this subject in Washington I find that practically everyone is taking for granted that this will be the policy of the Government. As I stated above, the CED has as yet no official policy on this problem. I can, however, assure you that our policy will be based on the assumption that the only proper objective will be to get these plants into operation under private management as rapidly as possible. In this connection I can also point out to you that the problem of disposing of these plants quickly by sale may be exceedingly difficult to work out because if they are sold at a price low enough to justify their purchase on a business basis the political outcry is likely to be terrific and in the long run might do more harm to business than otherwise. We are, therefore, tending toward the conclusion that perhaps the most satisfactory immediate policy for the disposition of plants and equipment may be on the basis of a simple leasing arrangement with possibly the right to apply the rental paid against eventual purchase price. Above all, we must not forget that our basic objective must be to get these plants into operation under private management at the earliest possible date, and not permit ourselves to become involved in long controversies over detailed methods.

The problem of disposal of surplus machinery and materials also presents serious difficulties. We all remember the disastrous effects on business of the dumping of war inventories at the end of the last war, and very few of us, I believe, wish to repeat that experience. Nevertheless, I think it is very important to bear one fact in mind. Businessmen cannot afford to insist on liquidation of wages and other factors of production and at the same time refuse to accept any liquidation in the prices of their own particular products. Again the objective must be to reach high levels of production as rapidly as possible and this will be impeded if businessmen insist on a policy of holding off the market wartime inventories and machinery which might otherwise be used. I think you will agree that the only sound policy for an investment firm when it has some bonds which cannot be sold at the original offering price is to mark them down to a price where they can be sold and move them out. These goods must be moved into circulation as rapidly as can be achieved without adopting a chaotic policy of wholesale dumping. In other words, business must be prepared to assume its fair share of the cost of post-war liquidation, particularly if it wishes to ask for a similar liquidation of wartime wages. Any other policy will slow down production and increase the threat of inflation.

Now with regard to taxation, I am sure we'll all agree that there is a crying need for a tax reform which will remove the present impossible burden which is placed on business enterprises. Professor Sumner Slichter of Harvard has well said that if a group of communists had come to this country with the intention of creating a tax structure which would convert our free enterprise system to a system nearer to their own hearts' desire, they could not possibly have achieved a better system for their purposes than the one we have built up over the past decade. I am very hopeful that we shall be able to publish in the near future a series of tax recommendations which will appeal to you all as eminently sound and constructive. I cannot as yet comment on these in detail because they are still in the formative stage.

I must point out to you, however, that no tax reform is possible except one that is related both to the expected level of the post-war Federal budget and in turn to the level of our national income. I have recently studied some very thoughtful estimates that have been put together on the post-war Federal budget and I am convinced we must look forward to annual Federal expenditures for the first post-war decade which will average around $20,000,000,000. On the most hopeful assumption that the war in Europe will be over before the end of 1944, and that with Japan before the end of 1945, we shall be faced with a total Federal debt of at least $250,000,000,000 when the war is finished and liquidated. This debt will require annual interest charges of at least $6,000,000,000 and perhaps $7,000,000,000 annually for the first post-war decade.

Time does not permit detailed discussion of the other items but I can assure you it is very difficult to reach a conclusion that our post-war Federal budget will average less than $20,000,000,000.

Now a few words as to the relationship between the Federal budget and the national output of goods and services. The latest estimates place the gross national product for 1943 at about $188,000,000,000. At this level, it is now believed that Federal tax revenue for the fiscal year ending June 30, 1944 will be over $40,000,000,000, without any further increase in taxes.

If we achieve the post-war employment goal of 55,000,000 civilian workers, the national output of goods and services may be as high as $140,000,000,000 in terms of 1940 prices. Post-war prices, however, are certain to be a good deal higher than those of 1940. My own best guess is that we must figure on an average post-war price level at least 50% higher than that of 1940. This means that a gross national product of $140,000,000,000 in 1940 prices would actually be $210,000,000,000 in terms of post-war prices.

The conclusions from these figures is that the existing tax structure, if maintained after the war, might yield over $40,000,000,000, as compared with an estimated budget requirement of $20,000,000,000. This means that a satisfactory post-war level of production may make possible a very substantial cutting of tax rates and still permit a balancing of the budget. The higher we can raise our national production the less will be our burden of taxes.

Now I don't want to give you the impression I think we are going to reach the millennium after the war. Twenty billion dollars is a hell of a lot of money at any level of production and prices, and taxes will be plenty high. Nevertheless, there are definitely encouraging aspects to the outlook which I should list as follows:

1. With a high level of production we can carry the tremendous load of governmental debt and balance the budget, while achiev-

(Continued on page 1896)

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1942-43

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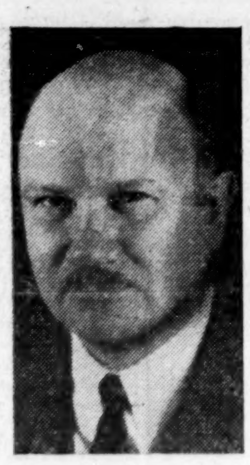
1941-42



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Looking Into the Post-War World

(Continued from page 1895)

ing a substantial measure of tax reduction.

2. We shall emerge from the war with the broadest income tax base in our history. This means that practically every wage earner in the country will for the first time have a direct and personal interest in governmental economy.

3. There are good reasons to hope that tax reforms will be directed primarily to the removal of the present intolerable burdens on business enterprise. For the past generation tax economists as a class have directed their attention almost exclusively to an equitable *distribution* of income and wealth. Now most of these gentlemen—and I can assure you their influence is very great—have suddenly discovered that what really matters is the *creation* of wealth and the provision of employment. As a result, they are being driven to conclusions on tax policies which they would have regarded as highly reactionary a few years ago. From this changed psychology will come strong pressure for reduction, and possibly eventual elimination of corporate income taxes, and a shift in the tax burden from corporations to individuals.

I mentioned earlier the post-war threat of inflation. Frankly, I am as much concerned about this danger as any other single thing in the post-war picture. At the end of the war the unused purchasing power in the hands of our citizens will be fantastically great. As stated above, present estimates indicate that individual savings by the end of 1944 may approximate $100,000,000,000. These funds provide our greatest assurance that a market will be ready to absorb a greatly increased output of goods and services. They also constitute a very serious inflationary danger unless the goods and services are speedly forthcoming.

Because of this danger most thoughtful students now recognize the necessity of maintaining many of our present wartime controls on prices, wages, rents, etc.. for some time after the close of hostilities. What worries me, however, is not what the Government may decide to do in this connection but what the American people will stand for. When the end of the war removes the strong patriotic motive for compliance with unpopular OPA controls, I am afraid the pressure to rush into the market and buy everything in sight, regardless of regulations, may be overwhelming.

The only cure for this situation will be the attainment of new high levels of production at the earliest possible date. In the meanwhile, there will be the need for a degree of self-discipline and self-restraint on the part of the American people which may be very difficult to achieve.

I have said nothing as yet about the labor problem. I recognize that I may be accused of being unwilling to face the main issue if I pass lightly over this problem. I am, however, totally out of sympathy with those few businessmen who take the position that the only important post-war problem is the necessity of liquidating labor. I can assure you that any such general attitude on the part of business could only result in the liquidation, not of labor, but of business itself.

There is no easy solution of this problem, but I am sure the one hope is to keep always before us the basic objective of more and more production. This will enable us to concentrate on the issues that really matter, such as the fallacy of attempting to solve post-war unemployment by spreading the work. By preaching the gospel of production we may also be able to restore a satisfactory system of incentive wages, and other desirable improvements in our labor relations. Finally, if business management can go into the post-war period with clean hands and with a willingness to assume its full share of responsibility there should be greater hope of reaching satisfactory relationships with labor than at any time in many years.

So far I have said nothing regarding international post-war problems. The philosophy of the CED, in this connection, is very simple: we believe that a strong, free America is the best hope for the peace and stability of the world. In concentrating our attention very largely upon the domestic aspects of post-war problems we believe we are putting first things first.

Nevertheless, we are fully alive to the importance of our international political and economic relationships. We are not so naive as to fancy that we can lift ourselves up just by tugging stoutly on our own bootstraps.

Personally, I am convinced that our post-war prosperity will be materially conditioned by the character of the peace. In this connection, I believe that the greatest single factor for permanent peace, and for our own prosperity, would be the economic unification of Continental Europe after the war.

I should like to take a few moments to explain to you why I think this development is so important for us, and the rest of the world. It seems clear to me that the 20th Century is the century of great continental empires such as the one we have created in North America. The development of internal transportation which has made possible our mass markets and mass production techniques has at the same time made anachronistic and obsolete the watertight compartments of the small, nationalistic economics of Europe. Unless these economic barriers can be broken down after the war, I am afraid we shall have nothing but continued chaos in Europe, and a fertile seedground for future wars.

During the past 200 years we have had four clearly marked periods of broad industrial expansion in the western world. Each of these periods has lasted about 25 years, and has been motivated by some new economic development. The first of these started about 1750 and was caused by the so-called agricultural revolution in England. The second, beginning about 1800, was the period of the Industrial Revolution. The third, which began around the middle of the 19th Century, was clearly caused by the advent of the railroad, which opened up our own West, and also transformed Germany from a group of medieval principalities into a great modern State.

The fourth period of expansion which lasted from 1896 to 1920 was, I believe, motivated by the growth of corporate enterprise and the development of mass production techniques, chiefly in the United States.

Since 1920, I am convinced we have been living through a world-wide period of liquidation despite the abortive stock market boom of the Twenties. This period has been comparable to that which occurred between 1873 and 1896 and has had many similar political as well as economic phenomena.

If historical parallels mean anything, we should now be almost at the end of this period of liquidation, and on the verge of another period of broad expansion. In searching for a possible cause of this next expansion, it seems to me the most likely would be the economic development of other areas, such as Western Europe and Eastern Asia, to a point more comparable with our own. In other words, I am afraid our economic development has reached a stage where further progress will be difficult unless it is accompanied by comparable developments in other important areas.

So much for some of the problems. What about the prospects for maintaining a free society and a system of private enterprise in the United States? I have no desire to underestimate the seriousness and complexity of the problems which lie ahead. Nevertheless, I am confident these problems can be solved if we have the national will to do so. Furthermore, if we fail to move forward until all our problems are solved, none of them ever will be solved.

I realize that at times in the recent past I myself have been guilty of a certain lack of faith. I have worried over the prospect that all, or most of Europe would

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be communistic after the war and I have wondered how it would be possible to maintain a free society here. The only proper answer to this fear is the expression: "so what?"

Under such circumstances, we shall have an excellent opportunity to test our system against theirs. If free enterprise is as good as we think it is, and we can really make it work sufficiently to solve our production and employment problems, we shall have nothing to fear. If we cannot make it work, however, we shall deserve no better fate than to follow the rest of the world down the road to communism.

Investment banking is faced with a great opportunity and a great responsibility. I have already spoken about the opportunity. Now a few words about the responsibility. The CED is preaching throughout the length and breadth of the country that every businessman must get ready for the post-war world by bold and intelligent planning now. I see no reason why the same logic should not apply in the case of investment bankers. New, high levels of production will not be attained unless the necessary capital is forthcoming, and unless, God forbid, we are to continue the wartime practice of looking to Government as the chief source of capital, investment bankers must measure up to the task that lies ahead.

I do not mean by this that you should start at once to expand your offices and working forces. I merely mean that it is time to lay constructive plans to be ready to handle the volume of business that should be available shortly after the end of the war. The nightmare of the Thirties has left a heritage of extreme caution, almost defeatism, in the minds of investment bankers. You must shake this off and begin to look forward with confidence.

You should begin to study intensively the post-war problems which bear directly on the investment banking business. One such problem of prime importance is that of underwriting foreign securities. I earnestly hope you will approach this problem in a more constructive spirit than has been done in relation to similar problems in the past. The one sure way to kill the private handling of foreign financing will be to insist on a return to the chaotic conditions of the Twenties. Only the broadest and most sympathetic consideration of all the implications involved in this problem will provide a solution satisfactory to the American people, and, in the long run, to investment bankers themselves.

In conclusion, I want to say that I am proud to have been an investment banker and optimistic enough to be anxious to return to the business as soon as the war is over. I think there will be a lot of satisfaction for all of us in it during the next 10 to 15 years. Let us look forward with faith and courage worthy of our fighting men who are moving forward to victory in all parts of the globe. Only thus can we do our share in winning the peace and preserving the kind of America to which they will wish to return.

Vinson Urges Anti-Inflation Tax Bill

(Continued from page 1891)

consider carefully the words of this American boy who is fighting for you and for me in the European theater of war:

"You well know," he writes his friend and old teacher, "the results of inflation. But this time there will be even greater cause for discontent and unrest. This time we will have some ten million men and women from the military service who will form a formidable group if their plans are shattered by inflation.

"You might be surprised," this American dough-boy continues, "at the number of men who are making plans already for their return to civilian life. Publicly they may not say much about it, but I have talked to innumerable men who are saving all the money they possibly can for the time they get back. Some are married or plan to be married and they are putting their money into a house, a farm, or furniture. But this is rare. The majority are saving money—counting it carefully—and dreaming of the comforts it is going to buy.

"But the point is that they are dreaming of these things in terms of pre-war prices. We in the army are not vitally affected by prices. Those of us in foreign services chalk up differences against the country in which we happen to do our small amount of buying. But we read about the price of furniture at home going up 100% or some other price index up to 50%. But it does not strike home the way it would if we looked at a radio that we almost bought before the war for $25 and now find we have to pay $50 for it.

"After the war that is the experience that each and everyone of us in the army is going to have. We have saved our money—denied ourselves many pleasures and we are dreaming of a down payment on a house, new clothes, marriage, etc. But our air castles will fall with a very discomforting thud when we find we can buy only half, or a third, or some smaller fraction of the commodities we had planned. That is when the protesting murmurs of ten million hearts will swell to a crashing crescendo of condemnation against our Government. The results may well be catastrophic."

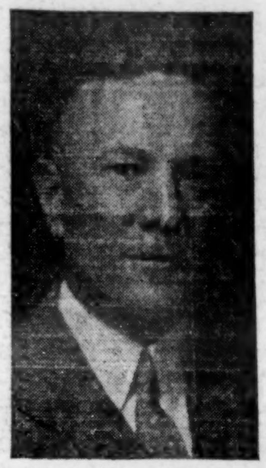
Those are the words of an American soldier on a foreign fighting front. He is calling to you and to me. He is beseeching us for himself and on behalf of his comrades to maintain the value of the dollars he is saving in the service of his country. He is praying that those of us at home will not fail him and that his dreams—dreams he conjures in the stillness of the desert night—will not be dashed to earth by timorous political time servers.

Marriage, a house, new clothes and an America of opportunity. I can only pledge that insofar as I have power to stop it, no orgy of inflation will prevent this American hero's simple dream from becoming a living reality.

I call solemnly and reverently upon the American Congress and the great American people to join with us in a courageous tax program. Let us keep faith with our fighting men. Let us keep faith with America's future.

IBA PAST PRESIDENTS

1938-39

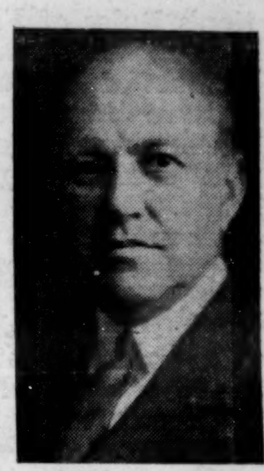


Jean C. Witter

1937-38

F. E. Frothingham

1936-37



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(Continued from first page)

tion's Rules of Fair Practice, to wit: "A member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade."

Then follows the Board's so-called "interpretation" of that rule.

"It shall be deemed conduct inconsistent with the just and equitable principles of trade for a member to enter into any transaction with a customer in any security at any price not reasonably related to the current market price of the security."

That is familiar doctrine nurtured in the lap of the Securities and Exchange Commission as anyone can readily see who has examined the releases of the Commission wherein he will meet with similar language frequently.

Based upon the above interpretation, the letter then goes on with the coup de grace and in effect advises the membership that the District Business Conduct Committees of the Association will regard 5% as the maximum profit that should be construed as being fair in cases where a dealer acts as principle, but had no commitment in the security bought or sold prior to the time the customer's order had been received.

The whole communication is tantamount to defining what shall be deemed a maximum, fair and reasonable profit in all security transactions within its range, a bit of temerity which goes further than what our courts have done, for while they have decided what is or is not reasonable in particular cases, they have consistently refused to define the terms reasonable or unreasonable for general construction, in order that proper application and definition may be made of these terms in particular cases based upon the specific facts under inquiry.

The Board of Governors of the NASD must have appreciated or should have appreciated the importance to security dealers of the proposed maximum profit rule. They should have known that if enforced, it would sound the death knell of many of the smaller dealers. Under the circumstances, a spirit of fair dealing required that the Board at least submit the proposed rule for the members' approval as provided in the Association's By-Laws and the Maloney Act.

Masking the rule as an "interpretation" was a breach of faith, a violation of the By-Laws and of the conditions set forth in the Maloney Act, and deprived the members of a voice on a matter which may affect the very commercial survival of many of them.

We submit that the rule is basically unsound. Speaking of a spread as a profit is pure nonsense for it completely disregards the cost of doing business. That cost cannot be and never has been uniform.

Drawing from the spread between the purchase and sales price alone, any inference of unfairness, dishonesty, or improper practice, is buncombe, and contrary to our institutions as we have seen them operate. It's bad and un-American doctrine. In the absence of fraud, misrepresentation, or concealment, trading should be kept liquid, and securities treated like any other commodity.

The SEC has more than adequate regulatory powers which at times in their exercise, become oppressive. The NASD's attempt to play wet nurse to the public in this instance is a sorry sight.

Had the NASD wilfully started out to stir up rebellion in its own ranks, it could not have done so more effectively than by the evasive method employed in the adoption of this rule.

We believe that only the fear of reprisals prevents many members of the NASD from raising a powerful storm

(Continued on page 1899)

Our Greatest Job On The Home Front

(Continued from page 1885)

that occurred as a result of the enthusiasm of local committees and their anxiety to meet quotas that must be placed on the negative side. Noted especially was a considerable volume of "bad selling." This included a lot of sales that were the result of switches from other Government issues; also a lot of sales financed by direct borrowing from banks. These bank-credit-financed purchases cannot all be placed in the category of bad selling, but most of them can.

So much for the lessons of the Third War Loan drive from the point of view of **financial** performance. Now, I would like to say a few words of the lessons to be learned from the drive from the point of **promotional** performance. It is only by thoughtful evaluation of our promotional effort—its high spots and low spots, its successes and its weaknesses—that we can form some idea as to how we should proceed in the Fourth War Loan drive. Fortunately the data for such an evalulation are at hand. Let me tell you briefly the results of the Third War Loan from the **promotional** point of view.

The most important lesson of the drive, as I have indicated, is the importance of personal solicitation, the importance of person-to-person canvassing. Of the individuals in cities and towns who were **personally** asked to buy extra bonds in September, approximately 52% did so. And of the individuals in farm areas who were personally asked to buy extra bonds, 61% did so. This is a starting tribute to the effectiveness of personal solicitation, for where individuals were **not** asked to buy extra bonds, only 20% in cities and towns got around to doing so and in farm areas only 12%. This confirms what we learned in April. In both drives more than two and one-half times as many of those solicited bought bonds as those who were not solicited. Even though the solicitation campaign reached many more people than before — approximately twice the number of people in September as compared with April—the **effectiveness** of solicitation remained undiminished. We have by no means reached the point of diminishing returns as far as it is concerned. This, I repeat, is the single most important promotional lesson of the drive.

Another important lesson of the drive was the impact of the drive itself. The Third War Loan drive sold bonds to many more people than did the Second. Among the non-farm population, 35% of the gainfully employed increased their bond purchases in September, compared to 20% in April; and in rural areas, 40% of the farm families increased their bond purchases, compared to 18% in April. Roughly speaking, however, approximately 60%—three-fifths of income receivers, farm and non-farm together, bought **no** extra bonds in September. This means that the September drive, tremendous as it was, had absolutely no effect on the bond buying of the majority of the American people. I am not saying, mind you, that

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a majority of the American people bought no bonds in September. I am saying that a majority of the American people bought no **extra** bonds in September. And that, after all, was the purpose of the drive as it applied to the average individual. Incidentally, it appears that about 15% of the adult population did not know there was a War Loan campaign going on.

Finally, there is the lesson as to where to place the emphasis in promotion—on the national, State, or local level. And here again the results of the Third War Loan merely confirm what was learned during the Second War Loan. The evidence is convincing that people's strongest ties, emotional and otherwise, are with the community of which they are a part, not with the nation or even large geographic regions. They like personal solicitation as against exhortations from afar, respond to local quotas rather than national quotas, prefer locally inspired radio programs, speeches, and entertainment by neighbors and friends rather than "canned" and other material emanating from distant places.

With these lessons in mind, the War Finance Division is engaged in preparation for the Fourth War Loan. It is planned for early 1944, probably in January. Budget estimates indicate that the amount of new borrowing required during the remainder of this fiscal year, namely until the end of June, will be about $40,000,000,000. In accordance with policy, it will be sought to obtain as much as possible from sources outside the banking system. So you may expect a drive with greater emphasis than ever on individual sales, and no less emphasis than before on sales to insurance companies and all kinds of institutional investors other than commercial banks.

The State Chairman of War Finance Committees are meeting at Washington next week to compare notes and discuss plans.

I want to mention some of the problems that are being considered and discussed in connection with plans for the Fourth War Loan in the hope of obtaining some good suggestions from this group. Workers tell us that a separate drive for individual subscriptions would be highly desirable, because it is believed from experience in previous drives that reports of huge subscriptions from insurance companies and other institutional buyers tend to make the ordinary citizen doubt that his $18.75 is really needed. This same influence is felt by canvassers for individual subscriptions. They wonder if it is worthwhile to make a second or third call in the hope of a small order. The other side of this problem is that the publicity and excitement of the campaign, plus the pressure of local quotas, are necessary to obtain good results in the sale of bonds to nonbanking companies, associations, and funds of various kinds. Therefore, it is argued, the drive ought to be a consolidated one. A compromise suggestion is that we have a drive for individuals only for three weeks or so and then immediately on its conclusion announce supplementary quotas for sales of the same securities to nonbanking institutions.

Another criticism commonly made of former drives is that in some cases it seemed too easy to make quotas with large sales to corporations, with resulting relaxation of the effort required to do a job with individuals. Also it is mainly in connection with such sales that certain national corporations, for obvious reasons, have wanted to allocate credit to a great many different counties and communities. Such allocations have taken time and attention which might better be devoted to selling bonds to individuals. Accordingly, it has been suggested that offerings in the next drive might well be restricted to savings bonds and Treasury bonds and that the Treasury bonds might consist of a long-term 24½% issue and a medium-term bond, 12 to 15 years, bearing interest at a rate between 2 and 2½% and, like the 2½s, made ineligible for commercial banks for a period of years. Proponents of this idea believe that offerings of certificates of indebtedness could be made successfully without quotas and that certificates might be offered to miscellaneous corporations and to commercial banks at the same time. Obviously any new approach adopted would require sensible consideration in fixing quotas.

We want the best advice we can get on these problems and shall welcome suggestions.

Finally, going back to the beginning of my talk and the review of financial events since your last meeting, no such review would be complete without reference to the fact that the Treasury's huge program of war financing, at the rate of a $230,000,000 offering every day, has been carried forward, not only without disturbance in the money market, but without interfering with an open and fairly active market in other securities, including quite a bit of new financing mostly for refunding purposes, by municipalities and private enterprises. You are all pleasantly familiar with the particulars. It is significant evidence of our nation's financial strength that through all the upheavals of a global war now four years old, our stock exchanges and other securities markets have been open every business day. And from the standpoint of the general interest, it is well that investment banking and brokerage organizations are being maintained in healthy condition because they will be needed in the post-war period.

An NASD Blunder

(Continued from page 1898)

of public protest against the 5% rule. Mere withdrawal from membership is not the answer, for there is still the SEC to be reckoned with, and there exists the belief that the liaison arrangements between the NASD and the SEC are such as to encourage a most rigid "supervision" of withdrawing members.

It seems to us that many dealers have long felt the passage of the Maloney Act created for them a halter, the noose of which is being tightened by the Association.

The attempt by the Association to set a ceiling on so-called profits, by an undemocratic method, contrary to its By-Laws, the Maloney Act and under the guise of an interpretation, is a pill difficult to swallow.

In the light of this and other abuses, the Maloney Act may find itself subject to future attack by a strong movement amongst security dealers who are tired of continuing to support by compulsion an additional Gestapo and who would welcome the repeal of that act in the interest of the public and in their own interest.

Comments are solicited from readers on the NASD's 5% profit limitation decree or related phases of the subject under discussion. If letter is published the name of the writer will be withheld if so requested. Communications should be addressed to Editor, Commercial & Financial Chronicle, 25 Spruce St., New York (8), N. Y.

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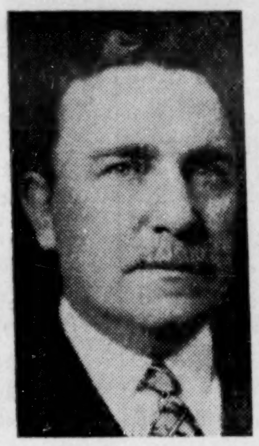

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Business and Finance Leaders Laud B. M. Anderson Plan To Promote Peace-Reemployment

(Continued from page 1894)

plea for flexibility of wages, he restates the commodity theory of labor, which is of course consistent with the philosophy that the end of all production is profits, rather than the satisfaction of human wants and needs. His philosophy is a throw-back to Adam Smith, but is not as sound even as Adam Smith, as applied to our modern economic system, for Adam Smith opposed the idea of monopoly and conspiracy to maintain prices and limit production, and there is not one word of protest against this in Dr. Anderson's article. In fact, his desire to limit, if not eliminate, all governmental controls and even to abolish the Securities and Exchange Commission, shows that he wants a system of complete **laissez faire** and let the devil take the hindmost.

I would even challenge the morals of Dr. Anderson's views when he exhorts the business man "to plan how to make money in the post-war period," and not "to plan for full employment."

Dr. Anderson refers to the activities of the Musicians Union in opposing the "canning" on wax records of the musical culture of this country. Dr. Anderson, like the propagandizing newspapers, radios and magazines of this country, seems to be wholly unaware of the fact that human vocal chords will not function over an empty stomach. In a desire for profits these interests are so shortsighted that they would bring about a complete destruction of America's musical culture by putting the existing musical talent on wax records, thereby destroying the opportunity to make a living for all of our musicians and letting the people of a thousand years hence content themselves with hearing Bing Crosby's voice on a phonograph record. Why not carry this position to its logical conclusion and install recording machines in the classrooms of our schools and colleges and make records of what is said this year? A few business men could then make a lot of money manufacturing and selling the records and we could dismiss our teachers and save a lot of money and eliminate the need for taxes for our schools, which, by the way, are almost universally opposed by selfish interests. I assume Dr. Anderson is wholly unselfish in his philosophy, so the money-making and money-saving aspects of such a proposal should appeal to him, even though he might be one of the college professors whose talents would be embalmed on a wax record.

I warn the industrial and financial selfish interests of this country that they seem to have learned nothing from the depression and the war, and that if they continue in their purblind course, they will surely create a reservoir of ill will that may sweep us all to disaster in the post-war world.

MARK C. MILLS

Associate Professor of Economics, Indiana University, Bloomington, Indiana

Dr. B. M. Anderson's article on "What Can the Government Do to Promote Postwar Re-employment?" raises fundamental questions of public policy and also offers certain specific suggestions with which I find myself in substantial agreement. It is doubtful if it is generally realized to what an extent the governmental control of prices, wages and production which the war has seemed to make necessary has already led us to adopt the essential features of a "planned economy" which is the antithesis of an economy based upon the inter-play of market forces. Granting the necessity of retaining certain necessary forms of regulation, it should be the major objective of postwar governmental policy to get back to that system. In the past the term "economic democracy" has at times been used in a sense closely akin to socialism but in a very real sense there is a high degree of democracy in a system which permits consumers to vote with their dollars for what they want and encourages business men to produce what they can sell in commercially profitable quantities. Not all the goods and services offered are worthy candidates but neither are all the candidates for office under any system of political democracy yet devised.

Dr. Anderson is probably right in saying that for most business men it will be best to go about their everyday business of producing and selling goods and services as efficiently and cheaply as possible without too much discussion of theories of "full employment" and "postwar planning." There is some danger that "postwar planning" may become a fetish like the "technocracy" of a decade ago. There are bound to be some transitional pains in passing from war production to peace-time operations. To assume otherwise, no matter what plans are adopted, is to be unrealistic. Once the fighting has stopped, war contracts should be terminated as promptly as is consistent with the public interest, and business should be spared interminable negotiation. If this is not done it will be particularly hard on the smaller enterprises which in normal times play such a large part in a balanced civilian economy. All measures undertaken should be directed toward the end of creating an economic climate favorable to individual enterprise and the employment of venture capital. Doubtless some forms of rationing and of price control will be necessary during the transitional period.

W. P. BARNES

President, Louisiana National Bank, Baton Rouge, La.

I am so favorably impressed with the article by Dr. Benjamin M. Anderson headed "What Can the Government Do to Promote Postwar Re-employment?" that I would like for you to send me five additional copies to distribute to some of my friends.

M. J. CLEARY

President, The Northwestern Mutual Life Insurance Co., Milwaukee, Wisc.

I didn't have time to read Dr. Anderson's article until last night. I found it most interesting. I find myself in complete agreement with his suggestions and conclusions.

J. H. VAN DEVENTER

President and Editor, "The Iron Age."

I have followed Dr. Anderson's writing for years when he was an economist of the Chase National Bank and find in this, his latest study, that was reprinted in your publication the same sound thinking and common sense that have characterized most of his writings.

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J. C. Folger Sees Greatest Investment Era After War

(Continued from page 1879)

jell a bit before we talk about stabilization and foreign investments. In any event, here's where we come in. We may become involved to a degree hardly dreamed of now. We are reminded that English capital helped build our railroads and that this is the way creditor nations such as ours keep the pot of international trade boiling. It might be pointed out that the English Government never became a partner in the Union Pacific Railroad, however, and I doubt if we would have welcomed this relationship.

With high rates abroad and low rates here, it seems highly probable that much of our capital will venture abroad. Something tells me that more and more of us will be studying Spanish and Portuguese after the war. The mechanism for foreign investments is something which our New Conference Committee might properly explore.

In the field of domestic finance, we are aware that our Government has advanced $15,000,000,000 to business for the purpose of stimulating war production. Reconversion of the war plant to private business falls peculiarly in our field. Some of this business will fold up—some will fade. The appraisement of investment values flowing out of this situation is our technical job.

The War dollar is a patriotic dollar. We have helped to make it a patriotic dollar. Our business has not faltered in support of the War Loans, nor will we cease in our efforts to aid the Treasury in every way possible. This war dollar is an emotional dollar. It is a dangerous dollar. Not the least of the re-conversion problems is the re-conversion of our own thinking in terms of the peace dollar—the same old cartwheel—hard to acquire, still harder to hold onto—not easily borrowed—hard to repay.

Too many business men are saying: "Why worry about this or that expense? It will go for taxes anyway." That attitude will never save us. If we don't get back to low cost production, we are licked.

In these days and times, more and more of our problems relate to the Government. By thoughtful contribution, we may channelize but we cannot stop that trend.

Speaking of our relations with Government agencies, what are we going to do with the SEC—rather, what are they going to do with us? Also, what are they going to do for themselves? On the latter score, they haven't done so badly. High honors have come to their alumni. There were spectacular publicity and spectacular advancements. This period would seem to be about over, however. Membership on the SEC is beginning to stabilize. Possibly removal to Philadelphia, that City of Brotherly Love, has provided a soothing background.

Some have pointed out that Americans are always a bit stiff-legged about making their adjustments to authority. The old railroad operators locked horns with the ICC. Commercial bankers chafed under some of the regulations of the Banking Act. Few, however, would wish to turn back the clock. On balance, the results have been good. By and large, fear of regulation is usually worse than regulation itself. We are not seeking, nor do we wish to abolish the SEC. Nobody really wants the umpire removed at a ball game, although you may feel like throwing a pop bottle now and then. We do think the Securities Act needs some practical streamlining. The little fellow with the big ideas needs easier access to the capital markets. There are some restrictions and bottlenecks which should be removed.

I had my say on compulsory competitive bidding when that subject came up before the SEC. My head is bloody, but unbowed. My views are unchanged. The auction's method is not good merchandising. It may bring the top dollar in a rising market. Indeed, it may bring more than the top dollar. Most people believe in home securities for home people

(Continued on page 1902)

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Folger Sees Great Investment Era

(Continued from page 1901)

and favor trading with the home merchant. I certainly do. The last auction sale we held in Washington, the bonds brought a point and a half above the market and not a single Washington dealer figured in the winning bid. It that good merchandising?

The theory of the Securities Act is to protect the unsophisticated buyer. Heaven knows, the borrower enjoys a seller's market these days. It is the investor who needs a representative present when the bond trades are made. That representative should be a trained man of experience and character and not just a nimble fellow with large capital willing to take a chance at 10 deals to get one for the quick turn. There is a tendency for buyers to think more and more in terms of price, to sharpen their pencils and hope to Heaven the indenture is all right. All the jewelry you buy at the auction sale isn't 18 carat gold.

I referred earlier to the high offices to which certain former SEC Commissioners had been appointed. If their successors would be less in love with the auction block, less tolerant of private placement and more mindful of the fact you can injure the best of children by nagging them too much, I would say there was no office too high for them to aspire.

Looking backward, and drawing lessons from the past, certain things stand out. Fourteen long years have come and gone since the 1929 disaster. A new era is in the making. Call this period of 14 years what you will—the fact remains that it really is about time to stop waving the bloody shirt of 1929 at the investment banking business of today. There are many engaged in this activity who were not even in the business 14 years ago. Approximately 50% of the present firms have been organized since 1929. A new generation is growing up and with it new ideas and a new approach.

People like to dramatize their thinking. The pattern of the 'twenties was pretty much the same in most lines. But even yet writers and speakers occasionally regard it as especially pathetic to regard the poor investment banker down to his last yacht. The fact is that taking the country by and large, not many in the investment field have ever seen a yacht, much less owned or sailed on one. Those with aspirations had better pick some other business. The investment banker has certainly lost his glamour and it is equally true he has lost his horns.

Without much fuss or feathers there has been a great change in the whole system of distributing securities. In 1929, the bulk of the securities sold throughout the country was handled by branches of out-of-town houses. Today it is the other way around. The lion's share of the business is done by strictly local houses. Ours is the greatest example of decentralization of any line.

I have said we were coming out of the dog house. But fourteen lean, depressing years have taken their toll in personnel, in capital, and in new blood lost to other lines of business. If we are to perform our important function both at home and in competition abroad —a line must be drawn between regulation and harassment.

I hope and believe that line will be drawn. I have always felt our business was the most interesting in the world. There is never a dull moment. Potentially, it may offer the individual the greatest possible play for personal enterprise, energy and courage. There is more liquid capital pressing for investment than ever before. The decade following the war should be the greatest investment era we have known. Investment banking is a pretty good peace stock to hold.

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"Real Second Front" Not Far Off: Stalin

Premier Marshal Josef V. Stalin, in a speech at Moscow on the eve of the 26th anniversary of the Bolshevik revolution, said on Nov. 6 that the opening of a "real second front" in Europe "is not far off" and that Germany now stands face to face with catastrophe.

In United Press advices from London, where the speech was heard by radio, the following was reported:

Premier Stalin said that the operations of Allied armies in southern Europe could not yet be regarded as a second front, but that, "nevertheless, this is something like it." He added: "It is clear that opening of a real second front in Europe, which is not far off, will considerably speed up victory over Hitlerite Germany. And it will consolidate still further the alliance of the Allies with the U. S. S. R."

The defeat of the German armies in Russia and the Anglo-American blows at the Nazis in Italy have "shattered the structure of the Fascist myth, which now is crumbling before our eyes," Premier Stalin said. He declared: "Fascist Germany is suffering an acute crisis and stands face to face with catastrophe."

The United Press further stated that in the speech, broadcast from Moscow, Premier Stalin declared also:

"Finiand, Hungary, Rumania and other of Fuehrer Adolf Hitler's vassal states are now trying to find a way out of the war—taking to the bushes and trying to find a favorable moment to slip away unnoticed from the robber giant.

"The Germans lost more than 4,000,000 officers and men in Russia during the last year—1,800,000 of them killed.

"The Allies are now fully determined to wage a common fight and smash the enemy, and Allied supplies are facilitating considerably Russia's fight against Germany.

"Premier Stalin laid down the following program: Liberation of the occupied countries of Europe; insuring that the liberated countries are able to choose their own form of government; punishment for all war criminals; establishment of a world order so firm that Germany can make no future attempt at world domination, and establishment of full collaboration among the nations of Europe on a basis of full, mutual trust.

"The recent Moscow conference, he said, gave 'shining proof' of firm relations between Russia and the great Allied powers, 'and now the United Nations have fully decided to deal concerted blows to the enemy.' He warned, however, that 'great exertions' still will be necessary by the Allies before final victory is achieved.

"Proclaiming that Russia was a fortress 'which cannot be smashed,' and that Russia would finish the war 'even more powerful than before,' Stalin said that, contrary to Germany's expectations, friendship between Russia and the other Allies had grown as a result of the Moscow conference."

President Still Desirous Of Meeting With Stalin

President Roosevelt is reported as still desirous of conferring with Premier Josef Stalin of Russia despite the successful outcome of the recently-concluded meeting in Moscow of Foreign Ministers of the United States, Great Britain and Russia.

In response to questions at his Nov. 5 press conference, the President said that further meetings growing out of the tri-partite conference will undoubtedly be held.

The results of the Moscow conference were reported in these columns of Nov. 4, page 1799.

J. N. Whipple Urges Sale of Government Bonds to Individuals

(Continued from page 1881)

fessionals in the distribution of securities, let each one of us regard this problem as if it were his own individual responsibility.

Those of you who attended our annual meeting a year ago will recall the speech of Undersecretary of the Treasury Bell, from which I quote the following paragraph:

"I think you will have seen by now that our financing program has taken on a clear and well considered pattern. Naturally this program constitutes only a working framework of principles. We shall, of course, endeavor to improve it and in doing so may make further changes in the types of securities offered, especially to nonbanking investors, and in the methods of offering them."

While the sale of war bonds has been described as a crusade of all the people, and I do not quarrel with this conception, we in the securities industry have a background of experience which should enable us to make sound suggestions to the Treasury in the matter of types of securities offered and effective methods of offering them.

Recognizing this, Secretary Morgenthau at our Board of Governors meeting last June, asked that a man be nominated to represent the securities industry in the Treasury Department in Washington. With the enthusiastic endorsement of the NASD, New York Stock Exchange, Association of Stock Exchange Firms and Government Dealers Association, a former President of this Association, Edward B. Hall, on leave from Harris, Hall & Company, has undertaken the job and become an assistant to the Secretary of the Treasury. He accepted the appointment because of a patriotic and earnest desire to help, and I urge your cooperation with him to the end that all the talent and resourcefulness of our industry be placed at the disposal of the Treasury.

It is evident to all of us that despite the excellent results attained thus far, more effective methods of selling government securities to the people can be developed. The great hoard of uninvested funds in the hands of millions indicates how far short of a complete job has been done to date. Recent figures of the Federal Reserve Board show that business and individual demand deposits in banks have doubled since 1939 and now stand at $56,000,000,000. Currency in circulation has increased from $7,000,000,000 to over $19,000,000,000 in the same period. Time deposits in commercial and savings banks and in the Postal Savings System now total $31,000,000,000, as against $25,000,000,000 in 1939. In these vast sums there is a challenge to our business; an opportunity for greater service in financing the war and contributing to a sound economy after the war.

Its utilization is an investment problem and a matter of selling—not only the actual war bonds themselves, but also selling the concept of saving and investing—for self-interest motives as well as for patriotic reasons, so that the majority of war bonds will, if possible, he held to maturity, and the reserves that have been accumulated by the people will be retained, providing their holders with their own social security.

An official of the Government, who is not in the Treasury Department, said to me a few weeks ago: "The trouble with most business men is that they come down to Washington with a lot of half-baked ideas that they have not thought through and then resent the fact that their suggestions are not adopted immediately." Obviously, we and others not daily engaged in solving the problems confronting the various branches of the Government are not in a position to know the conflicting factors bearing on every decision and the reasons why certain actions should or should not be taken.

At the risk of having my ideas described as "half-baked" and basing them on my own observations and experiences rather than presuming to reflect the view of the Association (although I have discussed these questions with many of you), let me say that I am impressed with the fact that the social and economic importance of transferring the Government debt to the people has not been sufficiently impressed upon those who should concern themselves with the problem.

The demands of production for war resulted in an overwhelming response from every corner of the nation by those best qualified to contribute. Their problems are far nearer solution than those relating to financing the war. It is time now to enlist all the best financial, merchandising and publicity minds in the country in organizing the most effective selling force the world has ever known to plan and direct a crusade for spreading the gospel of thrift and saving to all the people, and the purchase of Government securities with those savings. There are 33,360,000 families in the country. The Government needs another army of over 8,000,000 salesmen, each one of whom is responsible for seeing that four families buy and retain war bonds to the limit of their ability.

One first essential to success in this program is the constant demonstration by the Government of its unwavering intention to maintain the purchasing power of the

(Continued on page 1904)

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J. N. Whipple Urges Sale Of Government Bonds To Individuals

(Continued from page 1903)

dollar, not only through price controls and rationing and a sound fiscal policy, but by the drastic curtailment of all Government expenditures not absolutely essential to victory.

As a means of stimulating and broadening the market for Government securities, I urge consideration of five specific suggestions:

1. Concentrate the Fourth War Loan drive on sales to individuals by establishing state and local quotas based on sales to individuals only. No credit toward these quotas should be allowed for sales of tax notes and certificates.

2. Make available a coupon, marketable bond in denominations as low as $100 in order to provide an issue which small investors who may be prejudiced against registered securities will buy. This issue, like the series "E" bond, might well have certain features as to rate and redemption which require that it be eligible only for individual investment in limited amounts.

3. Establish a partial payment plan under which individuals can be signed up during drives for larger amounts, to be paid out in the intervals between drives. This should tend to increase the size of average purchase and reduce the number of pieces issued.

Arrangements to handle partial payment contracts could be made with the present issuing agents of series "E" bonds.

4. Place the Federal Reserve banks in a position of greater authority and responsibility in the bond selling program. As fiscal agents of the Treasury, their prestige should be fully utilized in enlisting the support of the most effective manpower in every community and, although state lines could still be preserved, their geographical locations provide a logical basis for organizational decentralization from Washington.

5. Outline the objectives of each War Loan drive and develop plans for attaining them as specifically as possible at least four months in advance.

This amount of time is needed for proper planning and organization in the field.

I do not believe that the importance of improving the organization and technique for selling war bonds can be exaggerated. Besides providing the Government the funds needed, over and above its revenues, to finance the war, a well-conceived program should have these additional objectives:

1. Popularizing personal economy and the feeling that living on a lower scale with the Smiths is smarter than trying to keep up with the Joneses.

2. Employing the surplus funds of individuals which otherwise represent an ever present threat to price control and have dangerous inflation potentialities.

3. Encouraging the careful investment of savings and the development of a broad new market for the securities of industry which will need capital in the post-war period.

Another immediate benefit will result through effective inculcation of the desire to buy and own bonds. This should provide an incentive to war workers, which will help to cure absenteeism. Even though manpower is now the critical bottleneck of production, a worker who would ordinarily have something he urgently wanted to buy or had to pay for, now frequently finds he has nothing to buy and takes a day off at will. We used to laugh about the old darkey who didn't want to mow the lawn for a quarter because he already had a quarter. Production men don't laugh at it these days.

Some estimates of the post-war capital requirements of business are included in the Industrial, Railroad, Public Service and Municipal Securities Committees reports which will be made tomorrow afternoon.

An industrial engineer who has been in war plants throughout the country recently described a childhood experience to illustrate his conception of the situation of our industrial plants the morning after the new Armistice Day.

When he was about ten, there was a big fire in his community, which had no fire fighting equipment of any kind and no water system except wells and cisterns for every house.

It was late, about midnight, he said, when people shouting "Fire" in the street woke up the town. The three-story frame hotel in the middle of the business block was on fire and everyone came running with ladders, buckets, pails, washtubs and anything that would hold water. The entire population over four years old turned out, formed lines to pass water from the nearest well, and ran back and forth to more distant ones. The hotel burned down, but the stores on either side were saved.

When the fire was finally put out, a few villagers found their pails and ladders, but most of them had to wait for daylight. As might be expected, the boys were the first back to the scene of the fire the next morning, and the vivid picture in his memory is the motley array of pails, pans and other property usually cherished by the careful country people, strewn about just as they were abandoned after having served their purpose in the emergency of the night before.

Much of our equipment and facilities have been turned over for use in our emergency, and this man visualizes the country, the morning after the armistice, strewn with war plants as the scene of that fire was littered with buckets, pans, washtubs and every kind of fire-fighting equipment.

We will have a part in retrieving those plants. Some of them, in the light of new technologies just waiting an opportunity for application in peace-time operations, will be as archaic as a bucket brigade. Modernizing them will call for capital. The Government owns $15,000,000,000 of the nation's factories today. The part of that installation that is adaptable to production for civilian needs must be transferred to private ownership.

One of the country's industrial leaders warned against stratospheric planning and urged sea-level planning instead. The proposition that the nation's industries will need billions of new capital and that individuals have immediately available the billions of savings to supply the capital need can be reduced to the proportions of a single corporation, and so get down to sea level.

I know of one manufacturing concern whose 100 or more plants throughout the country have made nothing but war goods since a few months after Pearl Harbor. It was using 100,000 machine tools in its pre-war operations. Half, or 50,000, of them could be used on its war products. Another 25,000 were turned over to other manufacturers who could use them in war production and 25,000 were scrapped.

Today the company is again operating 100,000 machine tools but of the 50,000 added for war work, 40,000 are owned by the Government, which has invested a total of a half billion dollars in plants and equipment for this one concern to operate.

It is impossible to put a figure today on the amount of capital this company may need to restore its own property, acquire the convertible part of the Government's facilities, replace machine tools not adaptable, and replace its mil-

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itary goods inventory with civilian goods inventory.

This company has approximately 400,000 stockholders and about the same number of employees, many of whom are also stockholders. Does it seem visionary to consider the possibility of these workers, whose savings are currently at the highest rate in history, buying securities of their company to finance in part its post-war rehabilitation?

The great diffusion which is taking place in the ownership of capital will present a new problem. We must find improved methods of assembling this capital and making it available to industry through the private capital markets. Unless we do, the Government will lend business the money it requires and obtain it through taxes. The transition from government loans to government ownership is apt to be short.

It is a fundamental of our economy that capital from private sources will be forthcoming only if there is an incentive and if an environment favorable to economic progress is provided. One obstacle to the ready flow of private capital will be the heavy burden of taxes which is inevitable but must be distributed in such a manner as to leave the profit incentive to enterprise.

Taxes will probably prevent corporations from obtaining a normal amount of their own capital needs through plowed-back earnings, which in the past have provided the major part of new capital for all industrial enterprises. From 1930 to 1939, business consumed capital instead of accumulating it. Since 1939, there has been some capital accumulated on balance, but in 1942 Federal taxes absorbed 68% of the net income of all manufacturing enterprises as against 18% in 1939.

Individuals with large incomes have a similar or even heavier tax burden, and the amount of new capital available from them will be limited. The contrast is sharp between this group and the large number of individuals of modest means who have savings which in the aggregate are fully adequate to meet the nation's capital requirements. Broadening the ownership of American business and encouraging those who work to own a stake in industry commensurate with their jobs are desirable by-products that can result, if we meet the challenge presented in this post-war situation of great need for capital on the one hand and great abundance but great diffusion of capital on the other.

In addition to the demands for capital by our domestic economy, the amount required to stabilize currencies and provide for the restoration and expansion of industry and trade all over the world will exceed anything we have known in the past. The formulation of sound policies governing foreign lending and investment is a subject that demands the immediate attention of our Association. The mistakes of 23 years ago will not be repeated.

We must assume much responsibility for determining whether the field of investment both at home and abroad is developed largely by private capital or government funds. I have full confidence that the members of our industry will bring to bear on the problems involved such intelligence, resourcefulness and vision that their solution will be one which insures the preservation of private enterprise and the way of life after the war which those now in battle are fighting to preserve.

Individual Freedom And Economic Planning

(Continued from page 1880)

ernment planners, if planning for the nation as a whole, have merely the primary factors of labor, land, capital, which they must put to their most effective uses in satisfying the needs of the citizenry. They are usually guided only by vague guesses or by statistics which are no longer current, since they can not be kept up to date in an overall fashion for the entire country.

In any economic order there should be a mechanism for ascertaining the wants of the citizens; and, second, a mechanism to organize production according to these wants. Under our present economic system the wants of the people are determined by their bids in the market. The collective demand of the citizens at large constitutes the social importance of any particular want. The problem then is how to combine in production the several resources available so that the maximum amount of wants can be satisfied. Business managers under our present system take the costs into account which are provided by the market. But in overall government planning the cost of using any resource for the satisfaction of a given want would mean the advantages which might be derived from the use of this particular resource in another way. This may be referred to as opportunity cost. Decisions would constantly have to be made involving the alternative uses of resources or primary factors of production.

The complexity of the attempt to take care of the wants of a whole nation through centralized control have until recently not been treated in even an elementary way. Socialism or Collectivism has been looked upon by many as the inevitable successor of our system of free enterprise. Capitalism, it was claimed, was disintegrating. Finally it would fall of its own weight and then humanity would move to higher levels of well-beng under the new socialistic economy. Adherents of this newly proposed system were cautioned not to enter into any analysis or discussion of the new plan. In no case were they to attempt to explain the probable working of Socialism. It was sufficient to know that it would succeed our present economic system when its final disintegration was complete.

Several decades ago, however, a few well-known economists, among them Von Mises, Hayek and Lionel Robbins (the last two of the London School of Economics) have shown that the government operation of any economic system cannot fulfill the hopes that have been staked upon it by its supporters. These authorities have been consulted in the preparation of this paper.

Generally, it is hard to realize how difficult the problem of a centrally controlled economy really is. Under our system of individual enterprise, the various producers make their forecasts. If their decisions are correct and the consumers are satisfied they stand to gain. But if they make wrong decisions, they bear the loss as individuals. This distributes the gains as well as the losses over the whole economy, and gives it an elasticity which cannot be attained in any other way. The individual producers usually adapt themselves quickly to public demand. They can allow for the introduction of new inventions and discoveries which will facilitate production. Government planners on the other hand, since they must rely upon vague notions of what the public requires, cannot quickly adjust themselves to the changing patterns of public demand, and losses sustained on account of their mistakes will have to be borne by the public in a lower standard of living.

In this discussion we are assuming that the people should judge what wants they desire to have satisfied. This may be a violent assumption in view of the well known disposition of some human beings to tell their fellows what their wants ought to be. Government planners could hardly forego

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Individual Freedom And Economic Planning

(Continued from page 1905)

their desire to select for the people those wants that should, in their estimation, be satisfied. At any rate, there will always be a disposition on their part to identify the interests of individuals with those of the government. This attitude, as history shows, tends to become the prevailing one with the result that in the end citizens will be told what is good for them, and soon their liberties will have disappeared.

It seems reasonable that the most intelligent handling of our resources will be achieved under a system of individual initiative. Experience teaches that the average man is much better informed and less corruptible in the decisions which he makes as a consumer and a producer than in the decisions which he makes as a voter. Naturally, the managers of a governmental economy wish to perpetuate themselves in office. An American sociologist in a book written about a decade ago referred to the experiment going on in Russia, saying that we should not be disappointed in the results which were being attained, because politics had crept into that state economy. Presumably, he thought that other countries such as our own would be able to operate a state economic system without politics. If so, that was naivete extraordinary.

But even if we assume that government planners are men of unimpeachable integrity who desire to use the resources of land, labor and capital in such a way that the wants of the citizens may be provided for according to the consumers' free choice, the difficulties that lie ahead of these planners are insurmountable.

In passing we may draw into this discussion the problems which at present beset the OPA in its attempt to control prices. What confusion and working at cross purposes do we have, even though the men in authority are in most instances sincerely desirous of doing a good job for their country in this emergency! In time of war this attempt is no doubt necessary in order to avoid, if possible, the evils of run-away inflation. By and large it drives home the impossibility of having any group of planners interfere in a satisfactory and successful manner in our system of economic production and distribution.

In further elucidating the nature of economic planning it is necessary again to emphasize that it constantly involves the comparative valuation of the needs of human beings as well as the resources available to supply them. In a small way the problem is presented in the administration of a family. Parents interpret the wants of the members of the household in an appreciative way, and distribute the resources at hand in an understanding fashion. But government planners for a nation have the task of interpreting the wants of millions of citizens, and this is an impossibility because in centralized planning no mechanism is provided to make these wants known to the group of planners who are in overall authority. The decisions would have to be made, by and large, in hit or miss fashion, and many would be the substitutes the citizens would have to accept or go with their wants entirely unfulfilled. One economist refers to our system of free initiative as offering what might be called an a la carte service. Under government operation of the economy this soon would be out of the question and only a limited table d'hote service of standardized articles could be expected.

Let us contrast with the government's problem in this instance the fairly simple situation of an isolated producer such as Robinson Crusoe. He would have no difficulty in making the most effective use of his time and other resources because he would have before him an accurate picture of the relative importance of his wants and would also be aware of the time and labor necessary to satisfy them. Possibly the head of a small patriarchal association or group could by method of direct evaluation bring the productive forces of the group into harmony with their preferences for goods and services. But for a country of millions of citizens, the problem would be insoluble. Those people who wish to provide for consumers through a govern-

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mental agency are possibly thinking of the satisfaction of only the elemental wants of human beings. But when we think of satisfying human wants in a somewhat more elaborate fashion, we are confronted by a diversity in human tastes and such variations in human demand that no single agency could begin to keep up with them. Only by having the responsibility for production scattered widely among the individuals of the economy can there be an adequate adaptation of the forces of production to the needs of the community at large.

It is a curious fact, however, that while most of us are opposed to extensive government interference because the problem is so complex and difficult, there are those who give the complexity of any economic system as the main reason for government interference and planning. With them it is an article of faith and they are willing to extend and expand such a program until it ends in all out collectivism. What cannot be accomplished in a perfect manner by myriads of individual producers—all with their ears close to the ground to divine the needs and demands of the public—these planners of a centralized economy have no fear of tackling if only they could get the authority to try their nostrums.

Some of the experiences of Russia during recent (pre-war) years may be of interest in this connection. It is conceded that in her experiment mistakes were made by too much construction of machinery, buildings, dams, etc., instead of using labor directly for the production of goods for immediate consumption, which the people so greatly needed. For example, tractors were used on too large a scale in farming. Even though we assume that grain production was increased by the use of tractors, the decision to use them to such a great extent was uneconomic anyway. It would have been better to have continued to use largely farm labor which would have been cheaper (in terms of bushels of grain produced) than tractors. The capital consumed by the excessive use of tractors could then have been used in another way. That is, it would have helped to increase the total economic production and thereby enhanced the well-being of the people. This was a case of relative evaluation of two factors of production—labor and capital. It shows that government planning of that sort is a value problem and only incidentally a technological problem. The comparative costs of labor and of capital as alternative factors in production were here involved. The costs could not be exactly calculated because under government management the cost of labor in any individual case is the use to which this same labor could be put in producing other commodities and services.

In other ways, too, the economy in Russia during the past few decades promoted an enormous expansion of its capital goods industries. For the people at large this meant what may be called forced saving. These large capital investments were naturally made at the sacrifice of the consumers and particularly of those in the agricultural areas. Many large buildings were constructed on a grand scale. They seem to have been regarded as ends in themselves, while they ought to serve, first of all, the requirements of the people. The construction of the great power station on the Dnieper River has won the admiration of many foreign travellers. But whether its construction can be justified from an economic point of view is doubtful. While it was being built, it is said, that there were no facilities available for building houses for the workers who had to live under very adverse conditions. The construction of a great deal of complex machinery was of doubtful utility from the standpoint of the people at large.

In concluding this reference to Russia, I should add that this centralization of economic power in the hands of the government was of advantage to Russia in fighting the war, though it is clear that in such cases the individual consumers have to pay the price. Brutzkus, a Russian economist, states that if the problem is to make any economic system serve **extra** economic ends, then a planned economy provides an excellent solution. That is one of the main reasons why Russia has been such a formidable force in the war.

Other instances may be brought showing that problems of govern-

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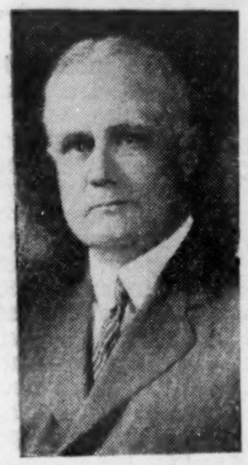

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No Currency Dilution And Increased Productivity Key To War Debt Problem

(Continued from page 1882)

time be limited in supply, indicates a danger of inflation in the immediate post-war years even greater than that which exists now.

"The concept of a mad rush to cash bonds at the end of the war is something that I myself am not inclined to accept without considerable reservation.

"The desire to save, to provide for the future is, I think, a pretty basic human instinct and a habit which very quickly takes root.

"It is true that in the pre-war years many people either were denied the opportunity of saving or lost the desire to save.

"During the war saving has again become respectable and indeed has been elevated to the position of a patriotic duty.

"Many people have had their appetite for saving whetted and are tasting for the first time the luxury of independence that only a reserve of savings can bring. I suggest that the desire to save can, in large measure, be projected into the post-war years IF we see to it that the act of saving continues to be respectable and that savings will be respected.

"Now that, of course, is just another way of saying that ONE of the conditions of a nation's ability to carry its public debt in the post-war years, without inflation, is continued confidence in the debt itself and in the currency in which it will be repaid.

"But to provide an enduring foundation for this confidence we shall have to ensure that the post-war years will give the lie to a philosophy of economic defeatism which we see lurking in certain quarters today.

"The assumptions underlying this philosophy are that private enterprise is about played out; that in any event the limits of economic expansion have been reached and no new frontiers remain; and that full employment and social welfare can only be achieved at the cost of increases in the public debt continuing indefinitely into the future.

"It is a philosophy that is almost grotesquely at variance with our deeply-rooted traditions of thrift and sturdy independence.

"But the point is, I think, that if we assume the indefinite expansion of government debt to be a sort of inexorable and inevitable 'wave of the future' which it is useless to oppose, then we must be content to foresee and to accept a progressive lack of interest on the part of the individual in the processes of saving and investment, with all the economic and psychological consequences that this would involve.

"For it seems to me that the concept of ever-increasing debt in peacetime years inevitably implies ever-increasing taxation, or a continuous process of creeping depreciation of the currency, or both.

"This is not an atmosphere in which private saving or private initiative can flourish or in which the value of savings can be maintained.

"And this brings me to another point. I suggest to you that the matter of the ability to carry debt without inflation cannot be considered apart from the whole range of economic and social objectives which will challenge us after the war.

"Basically, the condition necessary to the attainment of all these objectives is a high and increasing national income, NOT in terms of high and increasing prices, but in terms of high and increasing PRODUCTIVITY. That is the key to the problem of post-war debt,

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Individual Freedom

(Continued from page 1907)

mental economic control are value problems. Some one recently called my attention to a question which faced our government in a locality where it wished to acquire an aviation field. Two opportunities offered themselves as probably suitable. One piece of land was rich in fertility for the production of foodstuffs and general crops, and at the same time it possessed in other respects all the necessary attributes for a first class aviation field. The second piece of land was equally suitable for airplanes as regards terrain, contour, approaches and so forth, but the soil was decidedly inferior in fertility when compared with the other acreage.

I do not know what decision was made by the government. Certainly no sacrifice should have been spared, we would say, in acquiring the very best aviation field possible. At present only one consideration could be paramount. On the other hand, circumstances might arise under which the government would have to decide the particular use to be made of these two pieces of land, either as aviation fields, or for the production of food. In this way a value problem would be posited, such as governments have before them all the time if they attempt to operate the economic system. In this case only one sector of our economy was involved and when I first heard of this incident it did not impress me seriously, but since our food problem is becoming acute, there is no longer such a far cry between the need of land for aviation fields and its comparable utility for the production of foodstuffs.

Summarizing, the more the government gets in control of the economic system—and this is true of all governments no matter how high-minded the administration may be—the more the freedom of individuals will be curtailed. This is not the result of the sinister plans of any particular group, but it flows from the nature of the problem which is involved. The attempt to supply the individuals of a state with economic goods and services is bound to end in failure so far as satisfying the individuals is concerned. Each indication of failure will lead to more regimentation in the vain hope that greater control will bring about the desired result. And, finally, the freedom and liberty of the citizens will have been sacrificed altogether. Hence, the general conclusion that only a system of free enterprise can perpetuate our democracy. There is danger lest the democracy which we prize so highly will be lost at home under post-war pressure, after we have fought for its reestablishment abroad.

The CHRONICLE invites comments on the views expressed by Dr. Hauhart in this article, or on any related phases of the subject under discussion. Comments should be addressed to Editor, "Commercial and Financial Chronicle," 25 Spruce Street, New York 8, N. Y.

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No Currency Dilution And Increased Productivity Key to War Debt Problem

(Continued from page 1908)

post-war employment and post-war prosperity.

"I do not think I am numbering myself among the starry-eyed and impractical optimists when I say to you that these objectives are not beyond our grasp.

"It is idle to ignore the magnitude and complexity of the problems which the post-war world will have to face, but it is equally idle to shut our eyes to the tremendous opportunities for enterprise and initiative which the very task of reconstruction will present, to say nothing of the horizons of material progress that still stretch ahead.

"To look only at this continent —despite our much-vaunted pre-war living standard, is all our housing adequate and up-to-date?

"Are the desires of the people for the material comforts and conveniences of life satiated?

"Have our production methods reached the stage of perfection wherein no further improvement is possible?

"Must we assume that the inventive genius of individual enterprise which has achieved so much in the vast effort of arms in which we are engaged will have nothing to offer for human well-being in the days of peace?

"Recently there came into my hands an old leather-bound volume, printed in 1821, entitled 'Transactions of the Society, Instituted in London, for the Encouragement of Arts, Manufactures, and Commerce.'

"The book contained, among other things, a list of prizes, 213 of them, which the learned Society had offered in 1820 to stimulate invention to meet the needs of the day.

"There was a prize of 10 guineas for a method of improving the wicks of tallow candles 'to remove the unpleasant consequences and waste from the sparkling or guttering of the candles in common use.'

"Thirty guineas were offered 'to the person who shall invent and discover to the Society a method for preventing accidents arising from stage coaches,' while a similar sum was dangled before the eyes of 'the person who shall invent a method of heating rooms superior to and cheaper than any hitherto known or in use.'

"There was a prize of 50 guineas for a method of 'permanently ventilating the apartments of hospitals, workhouses and other crowded places.'

"Lighting, speedy and safe transportation, air-conditioning and temperature control — what advances have been achieved in these fields alone since the Society concerned itself with improvements in tallow candles, stage coaches, and primitive methods of heating and ventilation. There is a lesson in this for the gloomy philosopher of economic stagnation that is too obvious to require any attempt on my part to develop it further. But I would say this—that private enterprise has had its play and its performance has been good.

"Looking out into the world beyond us—there are vast areas scarcely yet touched by the products of modern invention.

"Indeed there are many parts of the world where the material manifestations of industrialism have thus far been only the gun, the tank and the bombing plane.

"Until the teeming millions of the as yet undeveloped areas of the world have satisfied their last material desire, I do not think we need to worry about lack of markets or lack of opportunities. Nor do I think that as nations we need to start eyeing each other uneasily as post-war competitors in a restricted world.

"Historical parallels are often misleading, yet it is, I think, at least worthy of note that at the end of the great French Wars in 1817 England was left with a debt burden of about £850,000,000 as compared with a debt of about £238,000,000 25 years earlier when the wars began. For those days both the increase in the debt and its absolute amount at the end of the period appeared staggering.

"Yet in the era of vast commercial and economic expansion that characterized the balance of the 19th century, that debt was to sink into a place of relative insignificance.

"By 1913 not only was its carrying charge negligible in relation to the national income which had been then attained, but it had also been reduced in absolute amount to about £706,000,000.

"Moreover, the whole period between 1817 and 1913 was one in which the long-term trend of commodity prices was downward.

"As I have said, the analogy is by no means exact, but there is one lesson in the experience of the 19th century that we must take to heart today.

"For within that period there took place a RELATIVE increase in productivity and in the enhancement of material welfare which I do not think we have yet been able to duplicate in the 20th century.

"And if my reading of history is correct, the one thing that distinguished the period between 1817 and 1913 from the years which have followed, is that our forefathers of a century ago did seem to be able to evolve and maintain something in the nature of a workable system of economic internationalism which we in this century have not yet been able to achieve.

"It will be our task to endeavor to rebuild a world in which the ordinary day-to-day processes of commerce and enterprise will be forever pushing beyond international boundary lines—a world in which, between men of different nations, undertakings great and small may be initiated in confidence and in which promises may be fulfilled in honor and in safety.

"The rewards of success are dazzling. The consequences of failure are too bleak even to contemplate."

Federal Tax Courses Are Offered By NYU

Problems which attorneys, accountants and corporation executives will face in preparing 1943 Federal tax returns will be the subject of two series of lectures and discussions to be given by the New York University Division of General Education beginning Dec. 27, according to Prof. Paul A. McGhee, Acting Director of the Division.

J. K. Lasser, nationally known tax authority and Chairman of New York University's Institute on Federal Taxation, will conduct a series of 10 weekly meetings on the general topic of excess profits taxes on corporations, while David B. Chase, member of the New Jersey bar and author of several books on tax problems, will present a series of weekly lectures on a functional approach to income taxes.

This will be the third year in which New York University has offered special courses on the current year's tax problems. Over 450 practicing attorneys, accountants and corporate executives have attended these lectures in the past, according to Professor McGhee, who states that they are intended for those whose work requires them to have more than a superficial knowledge of tax problems.

FIC Banks Place Debs.

A successful offering of two debenture issues for the Federal Intermediate Credit Banks was concluded during October by Charles R. Dunn, New York fiscal agents for the banks. The financing consisted of two issues viz: $28,345,000 ⅞% Consolidated debentures, dated Nov. 1, 1943 and due Aug. 1, 1944 and $28,575,000 0.95% Consolidated debentures, dated Nov. 1, 1943 and due Nov. 1, 1944. Both issues were placed at par. Of the proceeds $46,060,000 was used to retire a like amount of debentures becoming due Nov. 1, 1943 and $10,860,000 was for new money purposes. At the close of business Nov. 1, 1943, the banks had a total of $285,355,000 debentures outstanding.

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Bank and Insurance Stocks

This Week—Insurance Stocks

By E. A. VAN DEUSEN

The investor in fire insurance stocks who is interested in their long-term investment characteristics and advantages, rather than in current dividends, would do well to keep an eye on "earning yield" rather than "dividend yield." Furthermore, he should pay some attention to earnings on a consolidated basis as compared with earnings on a parent company basis, and also give some thought to the relative desirability of the stocks of companies which own subsidiaries and of those which do not.

The following tabulation shows average annual net operating earnings per share over the eight years 1935 to 1942, for 19 representative fire insurance stocks, on a parent company basis vs. consolidated basis, together with comparisons of dividend coverage and earning yields:

	Asked Price 10-30-43	Consolidated Basis			Parent Basis		
		Net. Op. Earnings	Div. Coverage	Earning Yield	Net Op. Earnings	Div. Coverage	Earning Yield
Aetna	$57½	$3.83	$2.25	6.7%	$2.80	$1.65	4.9%
Agricultural	82	6.24	1.95	7.6	5.81	1.81	7.1
American	16⅛	1.30	2.27	8.1	1.23	2.15	7.6
Boston	605	41.80	2.04	6.9	34.45	1.68	5.7
Continental	48¾	3.64	1.97	7.5	2.87	1.53	5.9
Fidelity-Phenix	50¼	3.98	2.12	7.9	2.94	1.56	5.8
Fire Association	71	4.86	1.94	6.8	4.58	1.83	6.4
Glens Falls	45¾	3.17	1.98	6.9	2.01	1.26	4.4
Great American	30¾	2.28	2.04	7.4	1.54	1.38	5.0
Hartford	101¼	8.28	3.60	8.2	4.71	2.04	4.6
Home	33½	2.14	1.31	6.4	1.95	1.20	5.8
Insurance Co. of N. A.	86	5.90	2.22	6.9	4.24	1.59	4.9
National Fire	62½	4.90	2.45	7.8	3.88	1.94	6.2
New Hampshire	40¾	2.83	1.62	5.7	2.63	1.50	5.3
Phoenix	90¾	5.56	2.02	6.1	4.09	1.49	4.5
Prov. Washington	39⅜	2.93	2.12	7.5	2.59	1.87	6.6
St. Paul F. & M.	311	21.70	2.63	7.0	15.14	1.84	4.9
Security	38⅝	3.10	2.22	8.0	2.41	1.72	6.2
Springfield F. & M.	131	10.09	2.12	7.7	9.08	1.91	6.9
Average			$2.15	7.2%		$1.68	5.7%

It will be noted that on a "consolidated" basis average dividend coverage is 2.15 and earning yield 7.2%, compared with 1.68 and 5.7%, respectively, on a "parent" basis. Home has the lowest "consolidated" dividend coverage of 1.31 and Hartford the highest of 3.60. The lowest "consolidated" earning yield is 5.7% for New Hampshire and the highest is 8.2% for Hartford.

On a "parent" basis Home again has the lowest dividend coverage of 1.20 and American the highest of 2.15, with Hartford a close second of 2.04. Lowest earning yield is 4.4% for Glens Falls and the highest is 7.6% for American.

Turning now to companies which have no subsidiaries, the following table is of interest. Net operating earnings again are the annual average for the eight-year period 1935 to 1942.

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L. A. Gibbs, Manager Trading Department)

	Asked Price 10-30-43	Net Op. Earnings	Div. Coverage	Earning Yield
Am. Equitable	$21	$1.58	$1.34	7.5%
Camden	23⅛	1.81	1.81	7.9
City of New York	20⅝	1.61	1.44	7.8
Franklin	30⅞	1.85	1.37	6.0
Hanover	30¼	1.60	1.14	5.3
Homestead	16½	1.39	1.64	8.4
New Brunswick	34¾	2.52	1.52	7.2
Northern	95	8.40	1.77	8.8
North River	25⅝	1.46	1.46	5.7
U. S. Fire	52	3.81	1.90	7.3
Average			$1.54	7.2%

It will be noted that the average dividend coverage for this group is 1.54, compared with 1.68 for the larger group on the "parent" basis and 2.15 on the "consolidated" basis. Average earning yield is 7.2%, the same as the "consolidated" average, but higher than the "parent" average of 5.7%.

The significance of these statistics lies in the fact that, over reasonable investment periods, the relative appreciation of individual stocks during a sustained market advance is approximately proportional to relative earnings. Thus, when the percent market appreciation of each of the above 29 stocks, from the 1938 low to the recent high of Sept. 30, 1943, is plotted on a graph against the "earning yield" of each stock as of the start of the period, a high degree of correlation is found, with a few exceptions, such as to permit a definite upward trend-line to be drawn through the scattered groups of 29 points. For example, Continental and Fidelity-Phenix had the two highest "consolidated" earning yields at the 1938 low, of 16.5% and 16.9%, respectively; their market appreciations to Sept. 30, 1938 have also been the highest, viz: 124.4% and 112.8%, respectively, compared with an average of 55.7% for the 19 stocks which have "consolidated" earnings. The stock with the lowest "consolidated" earning yield at the 1938 low was Boston with 8.0%, and its market appreciation was also the lowest, being only 17.1%. Between these two extremes the relative market appreciation of the other 16 stocks have been approximately proportional to earning yield with remarkable consistency.

Another point of interest is that the market appears to favor the stocks of companies which have subsidiaries over those which have none. Again, there are sometimes exceptions. The average market appreciation of the 19 "consolidated" stocks from the 1938 low to Sept. 30, 1943 was 55.7%, whereas for the 10 stocks with no subsidiaries, the average appreciation was 26.2%. An exception in this group was Franklin which appreciated 35.8%.

The investor in fire stocks should study carefully the earning history, as well as the earning prospects, of leading companies in the field, and put his money, other factors being equal, where he can buy the most earnings, rather than dividends. According to the record he should then, in the long run, obtain better investment results.

Dealers Virtually Unanimous In Condemning NASD Profit Limitation Decree

(Continued from page 1873)

fully and intelligently recommending to them the securities which, in the judgment of the dealer, were best suited for their purposes. The dealers' success with these clients is based entirely upon his experience, his knowledge, his perspicacity in choosing the right securities. His clients become of a rather personal property nature because they depend entirely upon the dealer for their financial advice. By the nature of such a relationship does the recommending of any securities become "riskless"? Doesn't the dealer incur a risk every time he makes a recommendation? Doesn't that risk involve his reputation and his future business with that client?

Might there not be a fundamental weakness in the interpretation by the Board of Governors which says: "It shall be deemed conduct inconsistent with just and equitable principles of trade for a member to enter into any transaction with a customer in any security at any price not reasonably related to the current market price of the security." Does this interpretation adequately consider the tremendous amount of research work which may have been done before a certain security was recommended to a client as the best for their requirements? How is a dealer going to be compensated for this work?

The seriousness of the situation lies in the fact that the dealer receives no income from the client unless he actually makes a sale or a purchase. He may have scores of interviews with a client during the course of a year, advising the client on every aspect and problem of his investments, for which he receives no compensation. He may collect coupons, he may ship bonds for payments, he must keep accurate record of what transpires in the affairs of each and every corporation in which the client holds securities, he must keep the client informed continuously of how his securities are progressing. He makes personal visits to brokers and underwriters in the financial centers to check securities. He calls on corporation officers to keep abreast of developments. All of this consumes valuable time, adds to the effectiveness of his service, but for which he receives no direct compensation. Furthermore, he must subscribe to the best statistical services, he must do a great deal of study and analytical work in order to improve his technical knowledge, yet, he actually gets no pay until he SELLS A SECURITY. Is he not therefore entitled to make more than 5% on the only source of income which he has?

The whole situation boils down to the simple statement which was made in the article that the vast majority of small dealers cannot survive with a 5% limitation of profit. You have started a good fight and we sincerely hope that you can finish it. We have written a rather lengthy letter but we wanted to cover our thoughts on the subject. Kindly do not use our name if you publish our comments.

DEALER NO. 5

We want to commend you on your article pertaining to the NASD in your issue of Thursday, Oct. 28th.

Certainly, in a rule to be adopted as serious as this, the Association members who are the ones supporting the NASD should be permitted to vote on such a drastic regulation.

Unquestionably, the majority of NASD members do not have to be told what to do, or how to do it, they know what is fair and what is unfair. Naturally, the NASD was formed and has the support of those members who are just and fair in all their dealings. Therefore, let the NASD go after any members who might be on the "shady" side instead of trying to push through a rule affecting the majority of the members, who in reality need no policing.

I think it is high time the Association devote its time, money and energy to helping the security dealers instead of adopting the attitude of police officers and being a hindrance instead of a help.

Unquestionably, 90% of the security dealers of Chicago feel like the writer does and they are up in arms and want to know what we pay dues for and then get this kind of treatment. It might be a good idea, and within the realm of possibilities that lobbying be done in Washington to throw out this NASD business. Legitimate dealers have no fear of the SEC. Therefore, why should we be policed by the NASD and have to pay for it in the bargain?

DEALER NO. 6

The financial papers are carrying the item of news that the National Association of Securities Dealers, Inc., with the SEC would limit the mark-up on securities to 5%.

Our organization strongly opposes any such idea. We can see how houses like * * * & Co., * * * & Co. (names of firms deleted by Editor) and a great many other concerns who took from 12 to 15% on bonds plus bonuses of stock, etc., in the 1920's and made large fortunes can sit back today and make splendid profits due to the tremendous volume of business which they are able to handle through their large capital. Smaller houses, however, who make sales to small buyers would be just out of luck because certain stocks may be good but are not well known and it takes considerable effort to sell customers small amounts.

This whole movement looks like Fascism, to enable the large houses to monopolize the business and eliminate the small houses in the country.

It seems to the writer a very short-sighted policy in as much as interest rates may again be very different from what they are now and the necessity for capital may be such that corporations may be perfectly willing to pay 5% or even 10% to obtain money for enterprise.

(Continued on page 1914)

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The current situation in Pittsburgh Railways System, particularly certain of the underlying bonds, offers attractive possibili-burg first 5s of 1932; Second Ave-ties for appreciation, according to a study prepared by T. J. Feibleman & Co., 41 Broad Street, New York City. Copies of this interesting study, which is available to dealers only, may be had upon request from T. J. Feibleman & Co.

Also available are memoranda on Oklahoma-Texas Trust; Pittsburgh, Canonsburg & Washington 5s of 1937; Washington & Canonsburg 5s of 1932; Second Avenue Traction 5s of 1937; Southern Traction 5s of 1950; Ft. Pitt Tractions.

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Figures Compiled By Real Estate Board Of New York, Inc., Show Large Increase In Dollar Volume And Number Of Sales

A chart recently compiled from figures released by the Real Estate Board of New York, Inc. is extremely interesting in that it shows how sales activity in Manhattan Real Estate in 1943 has far exceeded figures for previous years as far back as 1938.

Unfortunately space does not permit the reproduction of this chart, but the following figures of various months of 1943 will give an indication of the increased interest investing capital has taken in real estate:

Month—	Number of Sales	Dollar Volume
January	150	$7,500,000
February	200	15,000,000
March	250	14,000,000
April	325	19,000,000
May	250	19,000,000
June	325	23,000,000
July	325	21,000,000
August	250	20,000,000

In comparison to former years, these figures show a very healthy trend as sales and volume have been fairly consistent while former years show a very erratic trend with certain peak months. The peaks for 1938 through 1942 are shown as:

Peak Month of Year—	Number of Sales	Dollar Volume
1938	210	$10,000,000
1939	275	22,000,000
1940	275	14,000,000
1941	275	17,000,000
1942	225	16,000,000

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Tomorrow's Markets Walter Whyte Says——

Market break no surprise. Steels signalled it last week. Look for rally to carry few points. Monday's lows should now hold.

By WALTER WHYTE

Now that everybody has theorized about why the market broke down, I think I may be permitted to add a few ideas to the pile. You recall the Lord Halifax statement and its implications that the war was about over. You also recall my comments on his prognosticating abilities. But hardly were the words out of his mouth than Herbert Hoover came out with a statement along the same lines. If you remember 1930-33 then you also remember Hoover's batting record. His prosperity-is-just-around-the-corner blurbs are too fresh in my mind to accept his opinions with more than a casual yawn.

* * *

Two weeks ago I wrote here that the market looked all right but the action of the steels would have to confirm it. But while I thought the underlying trend pointed up I did not think it definite enough to advise purchase of stocks.

* * *

Last week the market situation changed radically. The gradual improvement, I thought I saw, seemed to hit a stone wall. The steels, for which I had hopes as the logical leaders in any advance, were meeting a kind of selling I didn't care for at all. What was equally significant was the action of a handful of specialties in the face of what was clearly becoming a poor technical general market performance. I called attention to the dangers inherent in such stocks by calling them "one-way affairs." I warned that any accident can break them down and keep them down long enough to create a virtual lock-in of accounts. Hardly were these words in print than the dangers warned against here materialized.

* * *

Last Friday the rails which three weeks ago I pointed out as having a top-heavy public following, broke through their September-October lows. The industrials also declined but held at the old 136 figure. The signal for the decline, however, had already been given by the rails.

* * *

Monday saw the first two million-share day, late tape and breaking markets, in many a month. And the stocks which this column warned most against—the specialties—melted like snow in the hot sun. The old 135 figure, everybody expected would stop the decline, didn't even get a nod. At the end of that day the first margin calls in a long time went out.

Yesterday's market continued its improvement, but the fright caused by Monday's break was too real for any follow-up by the mass and file.

* * *

Now what about the trend from here on? Well, if past performance can be a yardstick, the market should extend its rally to about 134 or so, then either go into a decline or turn dull. But there is still another factor the market has to cope with—inflation. That Congress is inflationary-minded is no secret. The farm bloc is in the saddle and, oddly enough, the interests who should fear inflation most, are helping them along under the guise of heading off

(Continued on page 1914)

Churchill Sees Europe War Climax In 1944

(Continued from page 1871)

Germany as "one of the prime causes of the extending ruin of the Hitler regime."

With respect to France, the Prime Minister said in part:

"There are many in our thoughts today. We hope that France will rise again to true greatness and will play a worthy part in shaping the progress of Europe and the world. I rejoice in every increase of unity and consolidation that I notice in the French National Committee at Algiers, and I also rejoice at the growing power of the French armies wihch are being re-created and re-armed in North Africa and which will presently take their share in the liberation of the soil of France from the most hateful forms of human bondage."

In noting that the year 1944 is also election year in the United States, Mr. Churchill concluded:

"A strange coincidence, but I am sure I speak for all those on both sides of the Atlantic who mean the same thing—and they are numbered in scores of millions—when I say that our supreme duty, all of us, British and Americans alike, is to preserve the good will that now exists throughout the English-speaking world and thus aid our armies in their grim and heavy task.

"If things are said in one country or another which are provocative, which are clumsy, indiscreet or even malicious and untrue, there should be no angry rejonder. If facts have to be stated, let them be stated without heat or bitterness. We have to give our mind in full to the vast task and that is the thought which must dominate all our speech and action.

"Not only the fortunes of this fearful war but also the happiness of future generations depends upon the fraternal association of Great Britain and the United States within, and without prejudice to, the larger world structure that will be erected to secure the peace and freedom of mankind."

Nu-Enamel Interesting

Nu-Enamel offers interesting possibilities according to a circular discussing this situation issued by T. J. Feibleman & Co., 41 Broad Street, New York City. Copies of this circular may be had from the firm upon request.

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Canadian Securities

By BRUCE WILLIAMS

The issue of the effect of peace on markets generally has been thrust pertinently before us during the past week. Investors now must do some fundamental thinking. Naturally, the Stock Exchange weakened on the general uncertainty as to the particular course which business will take in the post-war period, and the desire to liquidate the more speculative holdings.

This weakness even permeated the U. S. Government bond market to some extent; recent subscriptions to Government issues had shown immediate interesting profits and Stock Exchange houses had been encouraged to increase their subscriptions in the Third Victory Loan drive. Consequently, Government issues in some volume were included in the general Stock Exchange liquidation.

Otherwise the high-grade and especially the Government bond market should not be basically affected by the current developments outside of a certain sympathetic temporary reaction. Wartime controls cannot be relaxed immediately even after the final defeat of both Germany and Japan. Until the government debt is materially reduced, it will be imperative to continue the policy of managed interest rates. How soon we can revert to what we have come to consider as a normal peacetime economy does not appear to be an immediate problem.

In the general scene of weakness and uncertainty it was encouraging to investors in Canadian securities to see this section of the market once more demonstrate its ability to weather successfully a highly critical period. It will be recalled that following Pearl Harbor also the market was a striking exception in the general subsequent decline in other markets.

There is little doubt that from now on the investment community will be more discriminating and will examine more carefully the status of securities in the light of their likely behavior under peacetime conditions. With regard to Canadian external bonds, in addition to the growing scarcity of supply, a large proportion of issues have the hitherto disregarded feature of optional payment in U. S. or Canadian dollars or in Sterling.

The nearer the end of the war is approached, the more urgent becomes the problem of currency stabilization. **This unique multiple pay feature of the large proportion of Canadian securities is likely therefore to become extremely important in the near future.** It is all the more interesting because this advantage can be obtained without payment of premium, and, at the same time, the securities themselves, which include the Dominion guaranteed, provincial and municipal issues, offer attractive yields and would provide welcome diversification for a considerably wider investment field.

Turning to the market for the past week, although there was increased activity, it was still dominated by Fifth Victory Loan activities. Direct Dominions were a shade easier with the 3's of 1958 offered at 103⅜. Nationals were quiet and steady with little change in price. Offerings of Ontarios and Quebecs continued to be absorbed without affecting the price level. Activity in British Columbias subsided but the market was slightly firmer; the 4½'s of 1956 were quoted on 3.25% basis.

Nova Scotias, New Brunswicks and Manitobas were still in demand and the longer term issues now yield 3⅜%, 3.65% and 3⅞%, respectively. Saskatchewans were quiet with the 4½'s of 1960 offered at 90½. Albertas were less active and the 4½'s and 5's were quoted either side of 79 and 80 respectively. Calgary Power 5's of 1960 still attracted interest and were bid at 102½.

Internal issues were unusually quiet and the Canadian dollar in the free market moved between the comparatively narrow limits of 10 and 10⅜% discount, thus confirming the view that the exchange weakness caused by the recent bond redemption is almost at an end.

With regard to the market as a whole, now that the Fifth Victory Loan is terminated, and preliminary results indicate an outstanding success, we would shortly begin to see greatly increased activity with an upward trend of prices.

H. B. Gersten Joins Hettleman Co. Staff

Hettleman & Co., 52 Wall St., New York City, announce that Henry B. Gersten has joined their organization and is in charge of the trading department.

N. W. El. Interesting

Leason & Co., Inc., 39 South La Salle Street, Chicago, have prepared a memorandum on the first mortgage 5% bonds due Sept. 1, 1941 of the Northwestern Elevated Railroad Company, outlining the proposed treatment of these bonds under the Unification and the proposed Municipal Ownership Plans. Copies with dealer's imprint will be supplied by Leason & Co., Inc., at a nominal charge on request—ask for "Chicago Tractions under Municipal Ownership."

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Investment Trusts

From Investment Company Reports

Chemical Fund, Inc.—Net assets on Sept. 30, 1943, were $11,534,331 compared with $11,644,323 on June 30, 1943. Net asset value per share was $9.83 on Sept. 30 as compared with $10.05 on June 30. During the three-month period shares outstanding increased 14,719, to a total of 1,173,181.

* * *

Fundamental Investors, Inc.—Net assets amounted to $9,523,196 on Sept. 30, 1943. Net asset value per share on that date was $20.91 as compared with $16.12 on Dec. 31, 1942. Net asset value per share increased 30% in the nine months ended Sept. 30, 1943 and showed a decrease of 3% for the three months ended on that date.

* * *

General Investors Trust—Net asset value on Sept. 30, 1943 totaled $2,005,792, or $5.11 per share.

* * *

Incorporated Investors—As of Sept. 30, 1943, net assets amounted to $47,214,451 compared with $31,115,710 a year earlier. Net asset value increased, in this period, from $13.39 to $19.82 per share.

* * *

Keystone Custodian Funds, "K1," "B4" and "S1"—Net assets of Series "K1" Fund at the fiscal year ended Aug. 31, 1943 totaled $6,757,216 compared with $3,367,735 a year earlier. Net asset value per share advanced from $11.53 to $15.22 during this period.

Series "B4" had net assets of $11,962,632 at the close of its fiscal year, Sept. 30, 1943. This amount compared with $9,542,041 on Feb. 28, 1943, the date of the last previous report. During this seven-month period net asset value per share increased from $8.21 to $8.66.

Net assets of Series "S1" amounted to $506,147 on Sept. 30, 1943, compared with $454,672 six months earlier. During this period net asset value per share declined slightly from $23.78 to $23.64.

Combined assets of the ten Keystone Funds stood at a new high of approximately $64,500,000 on Nov. 2, 1943, compared with approximately $41,000,000 a year ago.

* * *

Massachusetts Investors Trust—Net assets on Sept. 30, 1943 totaled $140,622,549, equivalent to $20.64 per share compared with $15.62 per share on the corresponding date last year. In the three-month period ended Sept. 30, 1943, shares outstanding increased 52,648 to reach a new high total of 6,813,108 shares. Net asset value of the Fund during this period declined less than 1%.

* * *

New England Fund—Net assets on Sept. 30 stood at $3,048,818, equivalent to $12.14 per share for the 251,040 shares outstanding.

* * *

George Putnam Fund—Net assets amounted to $7,889,993 on Sept. 30, 1943, equivalent to $13.26 per share. On June 30, 1943 net assets totaled roundly $7,678,000, or $13.32 per share.

* * *

Republic Investors Fund, Inc.—Net assets, after deducting $332,000 par value of Collateral Secured 4½% convertible bonds and $158.810 par value of Preferred Stocks, amounted to $916,537 applicable to the Common Stock. This figure was equivalent to a bid price of $3.47 per share of Common Stock compared with $2.19 at the beginning of the bull market, April 28, 1942.

* * *

Broad Street Investing Corporation—Net assets totaled $6,500,521 on Sept. 30, 1943, equivalent to an indicated liquidating value of $27.48 per share.

* * *

Capital Administration Company, Ltd.—Net assets, after deducting bank loans, amounted to $4,206,563 on Sept. 30, 1943. This was equivalent to $96.92 per share of Preferred Stock and $14.20 per share of Class A Stock.

* * *

General Capital Corporation—Net assets on Sept. 30, 1943 amounted to $5,947,293, equal to $31.54 per share of stock outstanding. This compares with a per share asset value of $26.01 on Dec. 31, 1942.

* * *

The Investment Company of America—Net assets stood at $3,737,367, equal to $22.66 per share of stock as of Sept. 30, 1943. This compares with a net asset value of $17.84 per share on Dec. 31, 1942 and $16.48 per share a year ago.

* * *

National Bond & Share Corporation—Net asset value on Sept. 30, 1943 totaled $8,488,800, equivalent to $23.58 per share of capital stock outstanding. This compares with net asset value of $23.81 per share on June 30, $20.19 on Dec. 31, 1942 and $19.08 on Sept. 30, 1942.

* * *

Dividends

Keystone Custodian Fund "S2"—A dividend of 50 cents per share payable Nov. 15, 1943 to stockholders of record Oct. 30.

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INCORPORATED INVESTORS

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Municipal News & Notes

In announcing on Nov. 1 that New York City would retire the last installment of the $81,000,000 relief indebtedness accumulated prior to adoption of the pay-as-you-go relief policy of the LaGuardia administration late in 1934, City Comptroller Joseph D. McGoldrick stated that "no better demonstration of the wisdom of this policy could be found than in the story of this indebtedness." Mr. McGoldrick charted the history of such borrowing, in a statement which is reproduced herewith:

In the years from 1930 to 1933 the city officials then in office refused to face the fact that the need for relief would be both large in amount and prolonged in duration. The problem was met hand to mouth by the issuance of certificates of indebtedness for relief. The pyramiding of these and other short-term obligations was one of the major elements contributing to the financial crisis of the year 1933. Moreover, the relief recipients during those years were kept in a constant state of anxiety and relief was frequently halted because of the city's inability to borrow funds. The food and rent tickets which the city then issued were frequently refused by grocers and landlords because the city treasury was unable to redeem them.

The situation was temporarily eased in 1933 by the negotiation of a $70,000,000 loan in the form of 10-year serial bonds. But this in itself was no solution. Seven million dollars was added to this in the closing months of 1933. Mayor La Guardia and those of us who took office with him in 1934 clearly saw that this simply could not go on. The continued piling up of relief indebtedness would impair and ultimately destroy the city's credit. It would keep relief uncertain and it would imperil the interest alike of city employees and of the business community and the city's real estate taxpayers.

Pending the adoption of a pay-as-you-go program in 1934 an additional $4,000,000 was added to this indebtedness but after May of 1934 not a cent of new indebtedness for relief was incurred. But the $81,000,000 total accumulated prior to that time has cost the taxpayers of this city $17,585,477 in interest.

I regard the pay-as-you-go relief program as one of the outstanding financial achievements of this administration. I know of no other major city in this country that had the courage to put its relief needs on a sound tax-supported basis. This has been almost the keystone of the reestablishment of this city's credit. But it also gave security to our unemployed during the long years of the depression and it was equally important in maintaining the volume of economic activity and halting the downward spiral of real estate values during this period.

Tennessee Has $38,000,000 Unemployment Ins. Reserve

A $38,000,000 reserve fund has been accumulated by the State of Tennessee for paying unemployment compensation benefits to insured employees of covered Tennessee employers, announces Tennessee Taxpayers Association in the report covering its 12th annual survey of the State government for the fiscal year ended on June 30, 1943.

By the end of the latest fiscal year, on June 30, the State had collected U/C payroll taxes from Tennessee's covered employers of eight or more persons (except agriculture, domestic service, governmental employees, teachers in public schools, etc., which are not covered by the Federal Social Security Plan) which aggregated $16,700,000 for the one fiscal year, or $66,000,000 for the eight years since Tennessee's system of job insurance was enacted late in 1936.

Benefits paid to the covered unemployed during the fiscal year ended on June 30, 1943, aggregated $3,300,000. (North Carolina, with a larger total taxable payroll, paid out in benefits during the first six months of 1943 only $487,000. During the same six months Tennessee paid benefits aggregating $1,289,728.)

Benefits paid since 1938 (when the first benefits became payable) aggregate $28,558,000, an average of over $5,500,000 a year.

The reserve fund on hand on June 30, 1943, amounted to $38,063,000.

Existing Debt Burden Seen Obstacle to Highway Programs

Advocates of large-scale highway construction programs for the post-war period are reminded by the American Petroleum Industries Committee official organ that "there is no magic in building roads with borrowed money" and that there is presently outstanding close to $3,000,000,000 of the $4,000,000,000 debt incurred by States and counties for road building purposes in the two decades ending with 1940.

Interest payments on the original indebtedness have already amounted to $2,000,000,000, it is noted, and this fact, coupled with "exceedingly slow retirement of debt," offers little encouragement for the States to undertake "grandiose" building programs in the post-war era. "During the two decades, from 1921 to 1940," the API observes, "there was a colossal increase in the States' automotive-tax revenues, yet very little progress was made in leveling off the mountain of road debt."

DIVIDEND NOTICES

ALLIS-CHALMERS MFG. CO.

COMMON DIVIDEND NO. 78

A dividend of fifty cents ($0.50) per share on the common stock, without par value, of this Company has been declared, payable December 22, 1943, to stockholders of record at the close of business November 29, 1943. Transfer books will not be closed. Checks will be mailed.

W. E. HAWKINSON,
November 3, 1943. Secretary-Treasurer.

COLUMBIAN CARBON COMPANY

Eighty-Eighth Consecutive Quarterly Dividend

The Directors of Columbian Carbon Company have declared a regular quarterly dividend of $1.00 per share, payable December 10, 1943, to stockholders of record November 19, 1943, at 3 P. M.

GEORGE L. BUBB
Treasurer

CHRYSLER DODGE *Chrysler Corporation* DE SOTO PLYMOUTH

NOW MAKING WAR PRODUCTS

DIVIDEND ON COMMON STOCK

The directors of Chrysler Corporation have declared a dividend of seventy-five cents ($.75) per share on the outstanding common stock, payable December 14, 1943, to stockholders of record at the close of business November 19, 1943.

B. E. HUTCHINSON
Chairman, Finance Committee

The New York Central Railroad Co.

New York, November 10, 1943.

A Dividend of One Dollar ($1.00) per share on the capital stock of this Company has been declared payable January 15, 1944, at the Office of the Treasurer, 466 Lexington Avenue, New York 17, N. Y., to stockholders of record at the close of business November 20, 1943.

GUSTAVE H. HOWE, Treasurer.

Spencer Kellogg & Sons, Inc.

A quarterly dividend of $0.50 per share has been declared on the stock, payable December 10, 1943, to Stockholders of record as of the close of business November 20, 1943.

JAMES L. WICKSTEAD, Treasurer

Attractive Situation

The 4% non-cumulative income bonds of the New York Majestic Corp. offer an attractive situation according to an interesting descriptive circular prepared by Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City. Copies of this circular may be had from the firm upon request.

DIVIDEND NOTICE

AMERICAN CYANAMID COMPANY

Special Dividend on Common Stock

The Board of Directors of American Cyanamid Company, by resolution adopted at its meeting on November 4, 1943, declared a special dividend of seventy-five cents (75¢) per share upon the Class "A" Common Stock and Class "B" Common Stock, payable on December 2, 1943, to stockholders of record at the close of business on November 12, 1943. The dividend is payable in shares of the Company's 5% Cumulative Preference Stock at the par value thereof, to wit: ten dollars ($10) per share, in the ratio of one share of such Preference Stock to each thirteen and one third shares of the Class "A" Common Stock and/or Class "B" Common Stock, with the proviso that no scrip or fractional shares representing the 5% Cumulative Preference Stock will be issued by the Company, but in lieu and to the extent thereof the said dividend will be paid in cash.

Cash Dividend on 5% Cumulative Preference Stock

The Board of Directors of American Cyanamid Company, by resolution adopted at its meeting on November 4, 1943, as thereafter amended, declared a quarterly dividend of 1¼% ($.125) per share on the outstanding shares of the 5% Cumulative Preference Stock of the Company, payable January 3, 1944, to the holders of such stock of record at the close of business December 1, 1943.

Cash Dividend on Common Stock

The Board of Directors of American Cyanamid Company, by resolution adopted at its meeting on November 4, 1943, declared a quarterly dividend of fifteen cents (15¢) per share on the outstanding shares of the Class "A" and Class "B" Common Stock of the Company, payable January 3, 1944, to the holders of such stock of record at the close of business December 11, 1943.

W. P. STURTEVANT, *Secretary.*

Calendar Of New Security Flotations

OFFERINGS

CHICAGO & SOUTHERN AIR LINES, INC.

Chicago & Southern Air Lines, Inc., has filed a registration statement for 107,989 shares of common stock, no par value. Of the shares registered, 60,000 shares, to be evidenced by voting trust certificates registered under a separate registration statement—see statement below—are to be offered by or through underwriters at a proposed maximum public offering price not exceeding $16 per share and not exceeding in the aggregate $960,000; and 47,989 shares are registered for issuance, pursuant to options, at $8 per share, being an aggregate public offering price of $383,912.

Address — Municipal Airport, Memphis, Tenn.

Business—Operates as an air carrier of passengers, mail and express between Chicago, Ill., and New Orleans, La., and between Memphis, Tenn., and Houston, Texas.

Underwriting — Principal underwriters named are Kebbon, McCormick & Co., Chicago, and I. M. Simon & Co., St. Louis.

Offering—Offering price to the public will be supplied by amendment. A new voting trust under which the common shares registered will be offered will be dated Oct. 1, 1943. The old voting trust will be terminated prior to or concurrently with the delivery of common stock to the underwriters.

Proceeds—The net proceeds may be applied to any one or more of the following purposes: Purchase of additional equipment to be used on present routes or on proposed new routes; payment or reduction of present bank loans; for working capital or other corporate purposes.

Registration Statement No. 2-5220. Form S-2. (9-27-43).

CHICAGO & SOUTHERN AIR LINES, INC.

Carleton Putnam, voting trustee, has filed a registration statement for voting trust certificates under voting trust agreement dated Oct. 1, 1943, for 500,000 shares of common stock, no par value, of Chicago and Southern Air Lines, Inc.

Address — Municipal Airport, Memphis, Tenn.

Business—Voting trust.

Underwriting — See registration statement above. Carleton Putnam, sole voting trustee, is president and a director of the company.

Offering—As soon as practicable after the effective date of the registration statement. Under the terms of the voting trust agreement there may be deposited thereunder any authorized shares of the capital stock of the corporation. It is also proposed to offer to the public voting trust certificates representing an aggregate of 60,000 shares of common stock as shown in statement above and voting trust certificates will be offered to persons exercising stock purchase options and acquiring shares of common stock pursuant thereto. The offer to holders of common stock to deposit stock under the agreement will terminate Oct. 1, 1944, unless extended by the voting trustee.

Registration Statement No. 2-5221. Form F-1. (9-27-43).

Chicago & Southern Air Lines, Inc., has filed an amendment to its registration statement with the Securities and Exchange Commission in which it gives the offering price on the voting trust certificates for 60,000 shares of common stock to be sold to the public at $12.50 per share.

The underwriters, with amounts underwritten, follow: Kebbon, McCormick & Co., Chicago, and I. M. Simon & Co., St. Louis, 17,500 shares each; Hornblower & Weeks, New York, and Courts & Co., Atlanta, 7,500 shares each; Milwaukee Company, Milwaukee, 5,000 shares; Equitable Securities Corp., Nashville, and Reynolds & Co., New York, 2,500 shares each.

Proceeds will be used for the purchase of new equipment to be used on present or proposed new routes, reduction of bank loans and for working capital.

Offering—Voting trust certificates for 60,000 shares of common stock offered Nov. 9 at $12.50 per share by Kebbon, McCormick & Co., I. M. Simon & Co., Hornblower & Weeks, Courts & Co., The Mil-

(Continued on page 1915)

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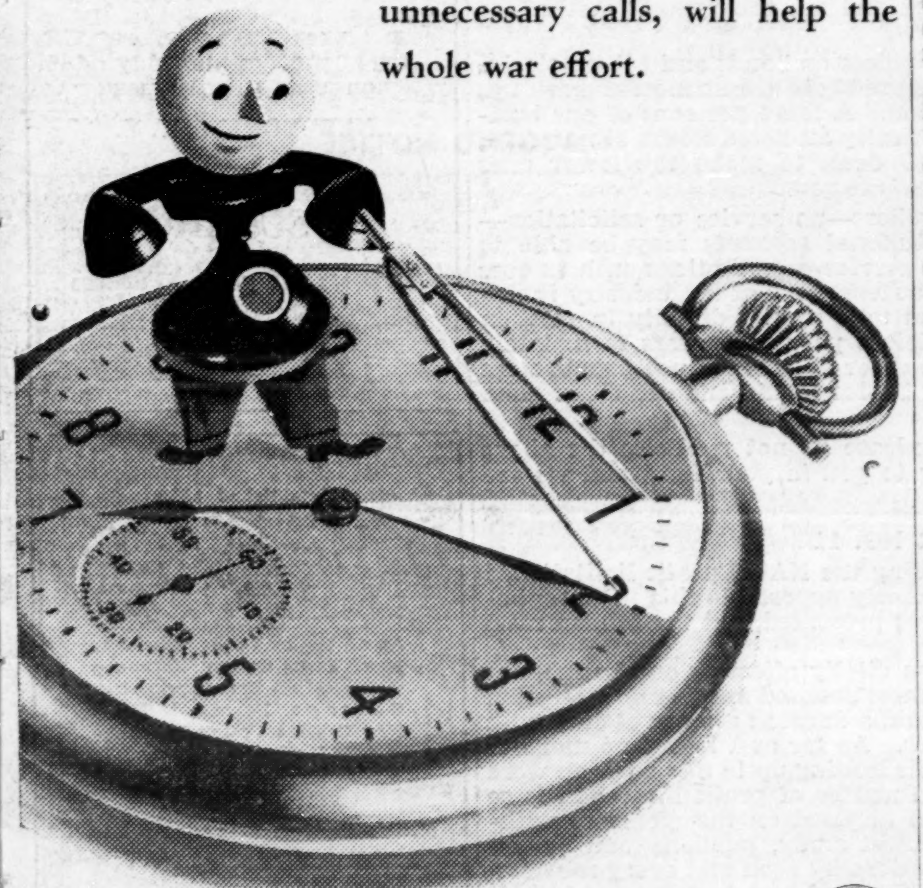

BELL TELEPHONE SYSTEM

Railway Equipment Stock Outlook Called Favorable

The outlook for manufacturers of railway equipment appears to be very favorable according to a study of the situation prepared by Hirsch, Lilienthal & Co., 25 Broad St., New York City. Copies of this study, which also contains data on certain stocks which the firm believes have appeal at this time may be had upon request from Hirsch, Lilienthal & Co.

Situation Attractive

The current situation in Struthers Wells Corporations offers attractive possibilities according to a special memorandum issued by Ryan-Nichols & Co., 105 South La Salle Street, Chicago, Ill. Copies of this interesting memorandum may be had from the firm upon request.

Situation of Interest

Common stock of the Long Bell Lumber Company offers an attractive situation according to a memorandum being distributed by Buckley Brothers, 1529 Walnut Street, Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of this interesting memorandum may be had from Buckley Brothers on request.

Christiana Securities Situation Attractive

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have prepared an interesting circular on Christiana Securities Company. Copies of this circular may be had from the firm upon request.

Profit Potentialities

The "Rock Island" reorganization offers attractive profit potentialities according to a detailed circular on the situation issued by McLaughlin, Baird & Reuss, 1 Wall Street, New York City, members of the New York Stock Exchange. Copies of this interesting circular may be had upon request from McLaughlin, Baird & Reuss upon request.

Empire Sheet & Tin Plate Situation Attractive

The first mortgage 6s of 1948 of Empire Sheet & Tin Plate Co., offers attractive possibilities according to a memorandum prepared by Hill, Thompson & Co., Inc., 120 Broadway, New York City. Copies of this interesting memorandum may be had upon request.

Merrimack Mfg. Attractive

Merrimack Manufacturing Co. offers interesting possibilities according to a circular prepared by M. S. Wien & Co., 25 Broad Street, New York City. Copies of this circular discussing the situation may be had from the firm upon request.

Cutting Tool Industry Outlook Attractive

The cutting tool industry offers attractive post-war prospects according to Loewi & Co., 225 East Mason St., Milwaukee, Wis., in an interesting study of the industry with particular reference to National Tool Company. Copies of the brochure prepared by Loewi & Co. on the situation may be had from the firm by dealers on request.

Col. V. Merle-Smith Dies

Colonel Van Santvoord Merle-Smith died of a heart attack at his home at Cove Neck, Long Island, after an illness which commenced while he was serving with our armed forces in Australia. Col. Merle-Smith was a partner in Dick & Merle-Smith, New York, investment house.

SOUTHWESTERN
PUBLIC SERVICE
COMMON

Bought — Sold — Quoted

PAINE, WEBBER, JACKSON & CURTIS
ESTABLISHED 1879

Public Utility Securities

General Gas & Electric "A"

Among the low-priced utility holding company stocks, General Gas & Electric "A" has proven somewhat disappointing marketwise this year. The stock rose from 5/8 last year to 2¾ earlier this year on hopes that the important South Carolina properties could be sold for $40,000,000 to a Power Authority in that State. When this deal was "stymied" by local interests opposed to it, market interest in the stock waned and it did not participate in the broad advance in utility equities. Recently, however, there has been renewed interest due to expectations that there may be some modification of the GenGas recapitalization plan submitted last May to the SEC.

This plan provided for an exchange offer of new Florida Power common to GenGas common stockholders. A merger of Florida Public Service and two smaller companies into Florida Power has been approved by the SEC and should be consummated within the near future, it is expected. One and a half shares of the new common would be issued, under the proposed plan, in exchange for each share of GenGas bought prior to Oct. 31, 1932, while holders who purchased their stock subsequent to that date would receive a half share. This particular date was based on an order of the New York Stock Exchange directing the company to mail to stockholders a detailed report, so that anyone purchasing the stock after that date "can be said to have been damaged by the 1929 transactions" (the "A" stock sold as high as 112 in that year, following which it was split 5 for 1).

However, to carry out this distinction between the two classes of stockholders would raise many legal problems and it seems a little dubious whether important holders of the stock who purchased since Oct., 1932, would be satisfied with this treatment. Whether the offer of one and a half shares will be extended to all holders or some alternative proposal worked out, cannot be forecast, but it appears logical to expect that the proposed offer will be "sweetened."

Even if the current plan (with the anticipated modification) should prove disappointing, just as last year's proposal of sale of the South Carolina companies failed of consummation, stockholders may still have a fair chance of eventually realizing better prices than the present market level. The intrinsic value of the stock is difficult to estimate because of the many factors involved, but estimates seem to range between 1½ and 6. The principal reason for the wide range in estimates is the extent to which Associated Gas may consent to "subordinate" its holdings of GenGas debt, preferred stocks and common stocks. Associated has already agreed to a considerable amount of subordination and might (under SEC pressure) be persuaded to go even further, though it is always possible that the Trustees might decide on a court appeal if they felt that the SEC was unfair.

There are several ways in which the potential value of the GenGas holdings may be estimated but the simplest is to take the current earnings for the twelve months ended June 30 as a base, and deduct the estimated preferred dividend requirements following a recapitalization. Such dividend requirements would seem to be in the neighborhood of $300,000 for publicly-held issues, allowing for the increased amount to be issued in lieu of dividend arrears. Deducting this amount from consolidated net income leaves $876,000, equivalent to some 40 cents per share on publicly held "A" and "B" common shares. To this could be added further anticipated savings from bond refundings, etc. While a "ten times" earnings multiplier would be over-liberal on a holding company basis, it might not be unreasonable once the operating companies (principally the new Florida Power, South Carolina Electric & Gas, and Virginia Public Service) are distributed to stockholders. On this basis, with complete subordination of Associated holdings, GenGas "A" might have a theoretical value around 5 and this seems supported by an analysis of the individual holdings and cash assets of GenGas. Thus while complete subordination seems unlikely, the potential result seems favorable for long-pull GenGas stockholders—subject to the usual vicissitudes of SEC rulings and the market.

Arden Farms Attractive

Common stock of Arden Farms offers attractive possibilities according to a memorandum prepared by Hill, Thompson & Co., Inc., 120 Broadway, New York City. Copies of this interesting memorandum may be had upon request.

PUBLIC SERVICE CO. OF INDIANA, INC.
Common Stock

Bought—Sold—Quoted

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Wisconsin Brevities

Record footings were shown by leading Milwaukee banks in their recent statements:

The First Wisconsin National Bank reported total resources of $518,623,000, with book value of $19.17 a share in contrast to $18.37 on June 30. Control of this bank is owned by Wisconsin Bankshares Corporation.

The Marshall & Ilsley Bank's total assets rose to $112,530,000, from $103,490,000 on June 30. The book value was $41.61 a share in contrast to $40.10 on June 30.

* * *

The **Marine National Exchange Bank's** total assets jumped to $99,461,000 from $86,751,000 on June 30, with book value of $42.13 a share in contrast to $39.92.

* * *

Koehring Company declared a regular dividend of 50¢ a share and an extra dividend of 50¢ a share, both payable Nov. 30 to holders of record Nov. 15. The current dividend will bring total disbursements for 1943 to $2.50 a share. In 1942 a total of $3 was paid.

* * *

Chain Belt Company will pay the usual 25¢ quarterly dividend on Nov. 24 to stock of record Nov. 10.

* * *

Kearney & Trecker Corp. will pay a dividend of 75¢ a share on Nov. 15, bringing total payments for 1943 to $3 a share.

* *

A large increase in earnings has been reported by **Cutler-Hammer, Inc.,** for the first nine months of the calendar year—$1,531,000 for the first nine months, equal to $2.32 a share; against $1,021,000 in the corresponding nine months of 1942, equal to $1.55 a share. A post-war reserve of $1,000,000 was set up for the current period, against $450,000 in 1942.

China Sees War Lasting 12 to 18 Months

Dr. Tsiang Ting-Fu, China's chief delegate to the forthcoming United Nations Relief and Rehabilitation Conference in Atlantic City, revealed on Nov. 6 that experts in China think the war will be over "in a year or a year and a half", according to the New York "Journal American" of Nov. 7, which added:

Dr. Tsiang, interviewed at the Chinese News Service, 30 Rockefeller Plaza, declared that China's first need today is transportation facilities, and then medical supplies. When the war is over, she will also need aid to resume her cultural life in the postwar period.

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Industrial Securities

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MILWAUKEE 2, WISCONSIN
Tel. Daly 3237 Tele. MI 592

W. Sullivan Opens As Investment Counsel

MILWAUKEE, WIS.—William H. Sullivan has opened offices at 135 West Wells St., to act as an investment counsel.

Mr. Sullivan's career in the investment field began in 1910 with the Wisconsin Trust Co. In 1916 he left the trust company to serve in the Army. He returned from overseas duty with the 32nd division with the rank of captain in the 128th Infantry. He rejoined the trust company in 1919 and was with it when it merged with the First Trust Co. to become the First Wisconsin Trust Co.

He resigned in January, 1921, and became associated with the City Bank & Trust Co. when it was opened. He was head of the bond department and later of the special service department, and was an officer and director of the bank when he resigned on Aug. 1.

Talks On Mexcan Railway Debt Held

Jerome S. Hess of the New York law firm of Hardin, Hess & Eder, counsel for the Mexican Government, on Nov. 9, made the following announcement:

"Conferences have been held in this city for the past several weeks between the Mexican Finance Minister, Eduardo Suarez, and International Committee of Bankers on Mexico in connection with the Mexican Railway debt. No definitive arrangements have as yet been agreed upon. The Minister has returned to Mexico."

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Dealers Virtually Unanimous In Condemning NASD Profit Limitation Decree

(Continued from page 1910)

We hope this whole situation will be aired so that a true picture of the nature of the investment business as a whole may be better understood. With selling commissions in syndicates at the low figure of ¼ of 1% to ¾ of 1%, as against 2 to 4% 15 years ago, and municipal bonds trade on a ¼ of 1% against 1 and 2% 15 years ago, the only way a small house has of taking care of expenses and overhead is by dealing in securities that are not so well known but offer such a future to the investor that time and effort can be spent in not only selecting suitable securities of this type but a compensation for the effort in selling them.

We greatly appreciate your article in your number of Nov. 4, calling the attention of investment bankers generally to this situation which has been kept pretty well under cover.

DEALER NO. 7

Congratulations upon your position and the forthright manner in which you state it.

We, here, question the applicability of the alleged figures compiled. To be of any value, the "profits taken" should be broken down between the **major classifications** of business done. Surely, the mark-ups on municipal bonds and high-grade corporate issues has no bearing at all on what is fair on local utility or industrial stocks.

The Association should be honest enough (somehow) to give us some figures which really set forth the true picture, even though it hurts! I believe it can easily be demonstrated that any conclusions drawn from their "over-all" data would be utterly unfair and even untrue in this light.

Can you "pressure" them into revealing the figures? Carry on!

DEALER NO. 8

We are in thorough accord with this ruling, which we understand was made after a resume of questionnaires submitted by the membership-at-large.

It seems that with a cross section of the activities and practices of the representative houses in our business, that the Directors of the NASD should be able to rule upon a fair profit on a non-commitment transaction and the abuse in a great number of cases can be traced to those not willing nor able to place their own funds in the securities in which they are merchandising or retailing and there is an out, where justifiable, of a larger than a 5% profit.

We commend you for your interest and activity in behalf of the Securities Dealers.

DEALER NO. 9

Profit Limitation Rule would do nothing but kill the little fellow, Most damnable.

DEALER NO. 10

The following comments are in relation to the recent 5% profit limitation decree. We thoroughly agree with the opinion expressed in your article appearing in the "Commercial & Financial Chronicle" of Nov. 4. There is no doubt in our mind, but that a large number of dealers will be forced out of business if such a working basis becomes the operative decree—and we will probably be among them.

It is ironic that in the face of increased costs of doing business, a proposal limiting profits to a prohibitive basis should appear. In the interest of trying to give our clients a complete investment service, we subscribe to not only the basic statistical services such as Standard-Poors, Moodys, and National Quotation Sheets, but also certain special services applicable to particular industries currently attractive; we make trips to New York and Chicago, and other financial centers in maintaining valuable sources of information and operate a stock watching service, passing on by bulletin and letter current information to the clients—and this all costs money! The large organizations or Exchange members with a large volume of business may be able to do it on 5% or less profits, but the smaller organizations such as ours—nine producing men including the officers—can't make it. The logical result will be organizations such as ours, earnestly trying to fully serve the clients, wil have to drop all their services and use the "guess" method, to the detriment of the client.

We operate on a limit of four points on bonds and 8% on stocks, but our average is much lower because these are maximum mark ups and not standard to each transaction. A large per cent of our business is done on 2% to 5% and practically all listed stocks at no profit, but we need the 6%, 7% and 8% deals to make the lower ones possible.

Firms operating strictly as brokers—no service or solicitation—or large organizations with institutional accounts may be able to operate on a 5% or less limit, but service organizations such as ours can't do it. It is our opinion that at least 95% of the industry is sincerely trying to operate fairly and take profits directly in relation to the market and there are sufficient policing powers to maintain such a continuing condition. The other 5% should not penalize the total industry and present policing bodies should and can clean them up.

For reasons peculiar locally, please do not publicise the above comments over our name. Power to you in your fight and we are with you 100%.

DEALER NO. 11

In response to your letter regarding the NASD profit limitation, I want to go on record as being extremely opposed to this not only because of the manner in which it was presented, but the fundamental idea of limitation in itself.

A matter so far reaching and so vitally affecting our business as a profit limitation should have the most detailed and public discussion among the members of the NASD, and a decision arrived at only with the complete accord of all members. As far as I know, no member was consulted and none of the details leading up to this decision were made public to the members. The matter of profit limitation is so revolutionary that it should not be imposed on the members without having the benefits of the greatest study, publicity and understanding of its purposes and implications by each and every member.

As to the limitation of profits in itself—we have probably half of our organization located in rural areas where expensive operation is great and travel to see the customer consumes a great deal

(Continued on page 1915)

Tomorrow's Markets Walter Whyte Savs—

(Continued from page 1911)

any fourth-term bid. The situation is tense and about as clear as mud. The stocks that should act best during any inflationary period are acting the worst.

* * *

The steels which control their raw material costs to their final selling charges should by all logic benefit by inflation. Yet we know the steels were the first to signal a reversal in the market. It might be argued that the steels are not a good example because they can't control labor costs. But that argument doesn't impress me. Labor costs have not kept pace with prices. The Little Steel formula was doomed to failure when Congress refused to stabilize food prices. The only thing that can stop inflation is a sensible tax program and rigidly controlled price programs. I don't like to pay taxes any more than you do, but I prefer them to wild-eyed runaway prices. When the market will take cognizance of the above is something the market itself will answer. The answer has yet to be given.

* * *

Technically, the breakdown Monday, down to about 131, should be the low point on the current move. But until I see a confirmation I repeat the last phrase in last week's column: ". . . . discretion is certainly the policy to follow."

* * *

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

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Dealers Virtually Unanimous In Condemning NASD Profit Limitation Decree

(Continued from page 1914)

of time and a 5% maximum does not permit sufficient profit to make a living.

Another point of interest would seem to be the composition of the Board of Governors of the NASD and also the composition of its membership. Are all houses doing the same type of business? Or, are member houses doing one type of business, so called high-grade houses doing another type of business, and the run-of-the-mine over the counter houses doing still a third type of business? If this is the case, the question arises whether or not the same ideas of profit should apply to all three types of business alike.

In closing, we would ask particularly that our name not be used publicly in the publication of this letter. This, incidentally, provides another interesting commentary on our present situation in that we are reluctant to come out into the open as any opposition to this profit limitation might invite retaliation of some kind from some body or some governmental agency.

DEALER NO. 12

I have noticed for several weeks articles in your Thursday issue concerning the 5% profit limitations on the sale of securities by dealers. It seems to me that from the trend of the security business, a 5% gross profit is a very fair margin. I believe that a great many of the older and more conservative dealers in this business would consider that they would be very lucky to have a 5% gross mark-up. Naturally, a dealer would like to make as much profit as possible, but in dealing with the public, as all of us do, either through other dealers or the individual clients, the tendency, it seems to me today, is for the customer to know what the trade cost him. A profit of 5% gross certainly does not set well with the customer, at least to may way of thinking. I do not believe those dealers who cannot satisfy their customers have a right to stay in business.

The above comments are naturally on the other side of the fence from those that you have been publishing, and I am not sure that I want to go into a publication in order to draw arguments from a lot of dealers, but I thought you might like to know that there are some of us who believe that the customers are entitled to a smaller mark-up than 10%.

P. S.—If this letter is published, it must be anonymous.

DEALER NO. 13

Your excellent publication has long been called "The Bible of Wall Street"; and that term should now apply anew, in my opinion, because of your voluntary leadership in trying to bring the small dealer out of a wilderness in which the NASD should assume leadership. Certainly the NASD, whose life depends upon the assessments paid by its members, does nothing to clear the path but, instead, bites the hand that feeds it by failing to look after the rights and liberties of its parents.

It seems to me that it is high time for the NASD members to get together and put their so-called representatives on the carpet for an outright statement of their real aims and why, with plenty of ammunition, a quisling attitude is assumed.

When the proposed "Disclosure of Profits" rule was talked of last summer—I mean the summer of 1942—I wrote Mr. Fulton rather fully. Briefed, I said that the larger Stock Exchange houses usually catered to the experienced buyer and that their executions could be likened to a man walking into a store and buying what he wanted; in other words, no sales effort. On the other hand, the unlisted dealer contacts and educates the small investor into buying something of which he very likely knows nothing; and much effort is more frequently necessary than not. Weeks of personal contact has frequently been necessary to educate the small buyer, and then, as has been my experience, a whole day has been taken to buy a $500 bond with a profit of from $10 to $15.

To disclose the profit on a listed bond in addition to the Exchange commission, in which, of course, we do not share, would result in quite a howl; and so, to protect himself against a squabble, the dealer acts as principal. Nevertheless, if the customer happens to see the bond quoted, there is quite a protest. One of my customers, in the ladies' custom tailoring business, admits a $100 profit on a suit which did not cost $125, yet the roof is raised if I disclose $25 on a carefully selected listed bond around 66.

I am much inclined to the belief that the larger houses want the small dealer eliminated and his unlisted offerings dealt in on some existing or possible future Exchange.

In connection with Exchange business, I think the NASD should interest itself in the matter of obtaining compensation for the small dealers who voluntarily give business to the Stock Exchange houses. At present nothing is received, and for the life of me I cannot see why we should not be recompensed in some way for the preliminary and final work which we do. To talk this over without elected representatives(?) on the NASD committees I find gets us nowhere.

Again reverting to the percentage of profit: There should, in all fairness, be an appreciation of the work done by the unlisted dealer as against the comparatively easy movement of the bigger houses, who can and frequently do sell 50 bonds or more with far less effort than the small fellow exepends on a $500 order. And there is another point, e.g.: The price of a Holding Company bond drops sharply with the SEC's "death sentence." With the interests of his customer foremost, the small dealer, unable to buy a good unlisted bond at the then price of the Holding Company issue, takes time to look over the whole listed market and decides on a "legal" railroad bond at 65. I cannot see why he isn't entitled, in such a circumstance, to add $25 net profit as principal or as as a service charge—approximately 4%. He could very easily, without effort, buy a doubtful utility at that price, with that or more profit.

I hope that what you have started so splendidly will awaken the small dealer to a demand that the NASD represent him fairly and properly instead of seemingly agreeing, without a whimper, to what to all of us appears to be manifestly unfair.

DEALER NO. 14

With reference to the recent ruling of the NASD as to the limitation of profits, we would like to say that our particular "gripe" in the matter is the way it was handled. If, as you say, the executive personnel of the NASD neglected to present for the consideration of the Board of Governors at their recent meeting at Cape Cod their proposed ruling, then I think Wallace Fulton should be removed from this responsible position and replaced by someone who is going to better serve the members of the Association who, after all, are the fellows paying his salary.

Secondly, we feel it was the duty of the Board of Governors to put a serious matter like this to an entire membership vote.

Third, we feel that the Association primarily should have for its Governors members of Over-the-Counter houses who are not Stock Exchange members. A lot of the dealers who have called the writer are members of smaller houses, and they do not seem to feel they can get proper representation from a member whose primary purpose is to protect his interest as a member of the New York or other national exchange.

We have a number of men who work in the country, and many times drive as much as 30 to 40 miles to make a sale of a speculative bond, let us say, that costs us 20. It is the writer's honest opinion that a price of 21½ (or $15 per bond) is certainly a conscionable profit, particularly in cases where the salesman may sell only two or three bonds. Even after the recent ruling it will be our thought to continue this practice. Of course, if the man sold 15 bonds on such a trip the margin per bond should be reduced.

It is the writer's opinion that members owe it to themselves to become more active in the election of a Board of Governors and the engaging of the executive personnel, so that each member will get proper representation and that his voice shall be heard before a rule is laid down that might eliminate him from a business which he has spent a lifetime building.

P. S.—This letter is not to be used over our signature, and if published should be done so anonymously, as we have found from experience—as distasteful as it seems—the fellow who tries to do a conscientious job publicly subjects himself to having his head chopped off.

DEALER NO. 15

We are definitely opposed to any limitation of profits inasmuch as such a restriction would tend to destroy free enterprise as you point out in the last paragraph of the above mentioned article. No doubt as you say the restrictions on profits proposed by the NASD would force a great many small dealers out of business. We are against any philosophy of government which would advocate interference with trading for profit when the transactions are conducted in a proper manner both from the legal and ethical viewpoints. Unquestionably such a ruling would be a step in the direction of National Socialism which our armed forces are fighting against in Europe and Asia. It is certainly anomalous to encourage practices and legislation which would produce the same governmental conditions that exist in Germany.

You may put this corporation down as in agreement with your argument on the subject, backed incidentally by 25 years experience in the securities business.

DEALER NO. 16

I have instructed my lawyer to write to Henry G. Riter, 3rd, 40 Wall Street, New York City, who is Chairman of the Board of Governors of the NASD to determine whether or not the Governors mean to meet and rescind their maximum profit decree in view of the point the "Chronicle" makes that it is obligatory under the bylaws of the Association and the Maloney Act to follow democratic procedure in matters of this character. I do not want to come out in the open in the matter at this time and have, therefore, asked my lawyers not to reveal the name of their client in writing to Mr. Riter. I think that every dealer should do the same and find out how we all stand. If the decree is not rescinded I will, and hope all other dealers will, come out and fight openly.

Calendar Of New Security Flotations

(Continued from page 1913)

waukee Co., Equitable Securities Corp. and Reynolds & Co.

YORK CORPORATION

York Corporation has filed a registration statement for $4,500,000 first mortgage sinking fund bonds series due Oct. 1, 1958. The interest rate will be supplied by amendment.

Address—Roosevelt Avenue, York, Pa.

Business—Activities principally devoted to the manufacture and sale of refrigeration and air conditioning equipment.

Underwriting—Stone & Webster and Blodget, Inc., heads the group of underwriters. Names of others will be supplied by amendment.

Offering—Price to the public will be supplied by amendment.

Proceeds—Net proceeds from sale of the bonds will be applied to the redemption on or before April 1, 1944, at 101% of $3,913,000 principal amount of first mortgage 6% sinking fund gold bonds due Oct. 1, 1947, to the payment at 100% of $378,550 principal amount of notes, and for other corporate purposes. In addition, at the time of settlement for the bonds due 1958, there will be made available to the company to provide for additional working capital the proceeds of $1,000,000 principal amount of bank notes.

Registration Statment No. 2-5235. Form S-1. (10-20-43).

York Corporation filed an amendment on Nov. 8 with the Securities and Exchange Commission to its registration statement covering proposed issue and sale of $4,500,000 first mortgage sinking fund bonds which fixes the interest rate at 4¼%.

Offering price to the public will be 102½ exclusive of accrued interest from Oct. 1, 1943.

The underwriters and amounts follow: Stone & Webster and Blodget, Inc., New York, $850,000; Biddle, Whelen & Co., Philadelphia, $150,000; Blyth & Co., New York, $400,000; Bosworth, Chanute, Loughridge & Co., Denver, $150,000; Alex. Brown & Sons, Baltimore, $150,000; E. W. Clark & Co., Philadelphia, $150,000; Drexel & Co., Philadelphia, $400,000; Graham, Parsons & Co., Philadelphia, $300,000; Kidder, Peabody & Co., New York, $400,000; Lee Higginson Corp., New York, $300,000; W. H. Newbold's Son & Co., Philadelphia, $400,000; Paine, Webber, Jackson & Curtis, New York, $300,000; Union Securities Corp., New York, $400,000, and Yarnall & Co., Philadelphia, $150,000.

Offering—$4,500,000 1st mtge. sinking fund bonds 4¼% series due Oct. 1, 1958 offered Nov. 10 at 102½ and int. by Stone & Webster and Blodget, Inc.; Blyth & Co. Inc.; Drexel & Co.; Kidder, Peabody & Co.; W. H. Newbold's Son & Co., and Union Securities Corp.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing (unless accelerated at the discretion of the SEC), except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930 (b).

Offerings will rarely be made before the day following.

THURSDAY, NOV. 11

BLACKSTONE VALLEY GAS & ELECTRIC CO.

Blackstone Valley Gas & Electric Co. has registered $11,300,000 first mortgage and collateral trust bonds 3% series due 1973.

Address—55 High Street, Pawtucket, R. I.

Business—Operating public utility company engaged in the electric and gas business.

Underwriting—To be supplied by post-effective amendment.

Offering—Company proposes to sell the bonds at competitive bidding pursuant to the Commission's Rule U-50. Offering price to the public will be supplied by post-effective amendment.

Proceeds—Net proceeds will be applied to the redemption of $7,300,000 of outstanding mortgage and collateral trust bonds, Series C, 4%, due 1965, at 106% requiring $7,738,000, and $4,000,000 of outstanding mortgage and collateral trust bonds, Series D, 3½%, due 1968 at 107% requiring $4,280,000. Treasury funds will be used to make up any balance, if necessary, while if proceeds from bond sales are in excess of the $12,018,000 needed for redemption, such excess will be added to the company's general funds.

Registration Statement No. 2-5236. Form S-1. (10-23-43).

ILLINOIS IOWA POWER CO.

Illinois Iowa Power Co.—name to be changed on Nov. 1, 1943, to Illinois Power Co.—has registered $65,000,000 first mortgage and collateral trust bonds series due 1973.

Address—134 East Main Street, Decatur, Ill.

Business—An operating public utility company engaged in the electric and gas business in Illinois.

Underwriting—Names will be supplied by post effective amendment.

Offering—Company proposes to sell the bonds through competitive bidding pursuant to Commission's Rule U-50. Price to the public will be supplied by amendment.

Proceeds—Company proposes to use the net proceeds from the sale of bonds, with $4,000,000 to $5,000,000 to be borrowed on bank notes and a portion of its treasury funds to redeem its first and refunding mortgage bonds as follows: Redeem on April 1, 1944, $30,681,500 face amount, Series A, 6%, due April 1, 1953, at 104½% and interest, and on June 1, 1944, $39,175,100 face amount Series C, 5%, due Dec. 1, 1956, at 105% and accrued interest. Total redemption cost exclusive of accrued interest of the two issues is $73,196,022. In addition, company has or will redeem or pay off $17,321,900 face amount of its funded debt including $15,827,400 face amount of its first and refunding mortgage bonds Series B—the entire issue—to be redeemed on Dec. 1, 1943 from proceeds of recent sale to Continental Gas & Electric Corp. by Illinois Iowa of its entire interest in Des Moines Electric Light Co. and Iowa Power & Light Co. for $15,220,000. The company redeemed on Oct. 1, 1943, $500,000 first and refunding mortgage bonds, Series A, and will pay at maturity on Dec. 1, 1943, $994,500 face amount of underlying mortgage bonds.

Registration Statement No. 2-5237. Form S-1. (10-23-43).

(This list is incomplete this week)

Seaboard Air Line Plan

L. H. Rothchild & Co., 120 Broadway, N. Y. City, have prepared an interesting study of Special Master Taylor's plan of Reorganization for the Seaboard Air Lines, which the firm feels is especially pertinent because of the order authorizing the call for redemption of the Receivers' Certificates of the Seaboard Air Lines.

Copies of the L. H. Rothchild study of the Plan may be obtained from the firm upon request.

Sees Cuba Sole Supplier Of Sugar Production Deficit

The current bulletin of Strauss Bros., 32 Broadway, New York City, which analyzes the sugar situation, states that "world conditions are leading to the point where Cuba will be placed in the position of being the sole supplier of the deficit in sugar production caused by the war." Copies of this interesting bulletin may be had from Strauss Bros. upon request.

To Improve Tax Position

Thomson & McKinnon, 231 So. La Salle Street, Chicago, Ill., members of the New York Stock Exchange and other principal exchanges, have prepared a timely study entitled "Suggested Exchanges to Improve Tax Position," which is of particular interest to investors. Copies of this study may be had from the firm upon request.

Flood With Estabrook

(Special to The Financial Chronicle)

SPRINGFIELD, MASS. — Donald B. Flood has become associated with Estabrook & Company, 1387 Main Street. Mr. Flood was previously local manager for Paine, Webber, Jackson & Curtis, with which he was associated for many years.

Nat'l Terminals Corp. Situation Interesting

National Terminals Corporation offers interesting possibilities according to an anlysis of the situation prepared by Adams & Co., 231 South La Salle Street, Chicago, Ill. Copies of this memorandum may be had from the firm upon request.

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"Our Reporter On Governments"

By S. F. PORTER

The "weak sisters" still are getting out . . . . Especially out of the 2s of 1953/51 . . . . Some getting out of the 2½s, too . . . . This week selling from Stock Exchange firms reached a climax . . . . Simultaneously, the stock lists were 'way off, on the recurrence of peace reports and fears of conversion difficulties, so the coincidence of the liquidation is not hard to justify . . . . There's no point in hiding our heads beneath a bushel of market propaganda . . . . The fact is, this new loan has not acted well, the market hasn't acted well and the number of disappointed free riders is legion and spreads from coast to coast . . . . Which brings us directly into the reasons for the situation and the possibilities from this point on. . . .

To be honest about it, every one of these sales is a good thing to get out of the way . . . . The people who have been dumping their 2s and 2½s on a lazy and disinterested market shouldn't have been in the picture in the first place . . . . And don't miss this major point . . . . The sooner they're out entirely, the better . . . . And the more attractive will be the market and the more rapid will be the recovery . . . . Because, unless the Treasury has gone utterly insane and unless every knowable factor is a snare and a delusion, this market cannot be permitted to go down much more . . . . The decline may be over even as you're reading this, as a matter of fact, for these words are being written early in the week and you presumably are reading this analysis on Thursday. . . .

The reasons? . . . . They're not hard to find . . . . To be specific:

(1) The money situation today is definitely aggravated . . . . Money is tight in the big city areas, commercial banks are in no position to enter the lists and pick up 2s and other bonds on a large scale for the simple reason that they haven't the cash. . . .

(2) The short war psychology now is at a new high point . . . . The Moscow parleys plus the optimistic statements coming from many and varied expert sources have encouraged that psychology to a degree where only the worst of possible war news would change it . . . . And a short war means problems of reconversion and cash demands and Government borrowings and corporate competition in the market, ad infinitum . . . . Problems the experts are well aware of and puzzles they've been bothering about for months. . . .

(3) The report is out around Wall Street that Lloyds of London is taking bets that the war in Europe will be over by January 1. . . .

What does all this mean? . . . . Well, the market since the middle of last week has been discounting an early peace in Europe—much earlier than had generally been anticipated—and was discounting it exactly at the time when free riders were unloading and banks were unable to come to the practical rescue . . . . Result, the 2s hit 2/32 bid . . . . The 2½s hit 1/32 bid . . . . Tax-exempts were virtually without bids for hours at a time. . . .

No, it hasn't been a pretty market . . . . But, again, this observer goes over the line with the forecast that higher prices will be seen, and soon . . . . And as of this moment, buying is a lot smarter than selling. . . .

THE PAR SUPPORT

The level of par is not only of major significance to all holders of low-premium securities, and especially the new 2s, but it also has an almost magical psychology importance . . . . Par cannot be broken! . . . . If par is broken, then the decline must be stopped there and switched around on an instant's notice . . . . The authorities must step in and act quickly and without quibbling over the extent of direct and indirect support . . . . These are the opinions of dealers and traders throughout the nation . . . . In fact, they are the convictions . . . . And that fact alone is enough to make the story true. . . .

You've been witnessing an interesting illustration of the virtues of holding low-premium securities recently . . . . The bonds selling down to the close-to-100 level are critical in any reaction . . . . They're the ones which are given official support first . . . . And as for high-premium bonds, not only are they not important for support purposes but they also get none of the outside speculative buying on any drop. . . .

It's a good lesson . . . . Whenever you can, shift to a low-premium bond, take whatever profit you have in the high-premium issue and get the added protection of "official support when, as and if necessary." . . .

That applies to the taxables, of course . . . . And to the tax-exempts even more so. . . .

THE JANUARY LOAN

Preparations on the Fourth War Loan are going along at a high pace now . . . . Latest authoritative stories place it around January 10, indicate it will concentrate on individual sales, point to complete exclusion of commercial banks. . . .

Now here are some items of importance, gathered at the Investment Bankers Association's 32nd annual convention held in New York from November 3 through 5 . . . . The conference on war and post-war financing was attended by top-notch money experts in private life and by the Treasury's war finance men. . . .

First, there's definite reason to believe the "basket" in the Fourth War Loan will contain a different type of security than has been offered to date . . . . The Second and Third War Loans were virtually identical . . . . The time has arrived to bring some new life into the loan, to give buyers a shot in the arm with a security that has originality and attractiveness. . . .

That is recognized by official and private sources . . . . News is that a change will be made, and only argument now is exactly what type of bond to offer individuals and perhaps non-banking corporations. . . .

One man, close to the Treasury, insists a 2¼% interest-bearing, non-negotiable bond will be tendered in the next loan . . . . Non-negotiability does away with threat of competition with the outstanding 2s, also meets Secretary Morgenthau's strong oppostion to placing a negotiable bond in the hands of millions of little people. . . .

Another says a Series H bond, bearing interest on an ascending scale and always redeemable at par, is under serious consideration at Treasury headquarters . . . . Bond would meet objections of holders of the Series G bonds that the redemption prices are below par and the general feeling among those investors that redemption means sacrifice of principal. . . .

A third believes Morgenthau's objections to a negotiable bond will be overcome and that a low-denomination, interest-bearing bond will be sold . . . . That's rather a question, for it's fairly well known that Morgenthau shudders every time he thinks of what happened to the Liberty loans in 1920 . . . . When those bonds sank to the low 80s and millions of unhappy citizens sold at the low . . . . (Which always occurs, as may be seen again in last week's free riding results). . . .

Authoritative report is that with two exceptions of men on the Treasury's staff, every key person in the Treasury is in favor of issuing a low-denomination, coupon bond in the Fourth War Loan . . . . Possibly the denomination would be $100. . . .

Second, there's tremendous power behind a movement to permit sale of bonds on the installment plan in the January loan . . . . Individual could subscribe to the total of bonds desired during the drive, could pay up his order between drives. . . .

Trouble here is that there's not much point to an installment plan unless a negotiable bond is sold. . . .

Third, the feeling among the bankers and officials at the IBA conference is that the Fourth Loan should not total more than $12,000,000,000 at the outside . . . . Despite the reports that it may range up to $20,000,000,000. . . .

From now on the Fourth War Loan is the news of the market . . . . We've only two more months before it arrives . . . . And, incidentally, the market will have to be in shape to absorb it . . . . You know what that means. . . .

INSIDE THE MARKET

If this market doesn't pick up steam soon, the chances of a decrease in reserve requirements will be better than at any time so far . . . . The Federal Reserve authorities will not permit a sloppy market to interfere with financing plans or with confidence in the Government market, it is believed by every man close to the market. . . .

"Peak of U. S. borrowing" is now admitted to have been passed by no less an authority than the Federal Reserve Bank of New York . . . . In its last bulletin the bank observed that increased tax receipts, the Third War Loan and stabilization of month-to-month war expenditures have combined to indicate the end of the huge war loans. . . .

Dealers took this week's decline in stride . . . . There was surprisingly little bearishness considering the extent of the fall. . . .

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BUY WAR BONDS

Bond Club Of Denver Elects New Officers

DENVER, COLO.—At the annual election of officers of the Bond Club of Denver, Elmer G. Longwell of Boettcher & Co. was named president of the Club, succeeding Malcolm F. Roberts of Sidlo, Simons, Roberts & Co.

Ernest Stone, Stone, Moore & Co., was elected vice-president; Miss Helen Swearingen, Earl M. Scanlan & Co., was chosen secretary, and Phillip J. Clark of Amos Sudler & Co., was re-elected treasurer.

Four new directors elected were: J. H. Myers, Harris, Upham & Co.; Orville Neeley, Merrill Lynch, Pierce, Fenner & Beane; L. W. Linville, John G. Perry & Co.; and Malcolm F. Roberts.

Miss Swearingen is the first woman to be elected to an office in the Denver Bond Club, an affiliate of the National Security Traders Association.

Lehigh Valley Interesting

Raymond & Co., 148 State St., Boston, Mass., have prepared an interesting new discussion of the Lehigh Valley 4s of 2003. Copies of this memorandum may be had upon request.

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Tin Plate
First Mortgage 6s, 1948

Memorandum available upon request

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The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 158 Number 4228 New York, N. Y., Thursday, November 11, 1943 Price 60 Cents a Copy

The Financial Situation

Following upon the heels of a Labor Board decision in the coal-wage dispute embodying a virtual capitulation to the Lewis strategy of "power politics," the Chairman of the War Labor Board, in a letter accompanying its annual report to the Senate late last week, said that "as the months flow by and the Board continues to hold wages to the general level of Sept. 15, 1942, we become increasingly conscious of the fact that we are asking one segment of our society (organized labor) to do its part to protect all Americans from the ravages of inflation, while, at the same time, a similar obligation has not been placed as heavily upon the shoulders of some of the other segments of this society." The decision in the coal miners' case and the general tenor of the letter of the Chairman of the Board, taken in conjunction with the fact that the President has requested a special study by a committee of this same Board of the cost of living, are generally taken to mean that the Administration has virtually given up its determination to adhere to the so-called "little steel" formula, and will presently inaugurate a policy of permitting general increases in wages.

Unionism Wins!

Such a course, indeed, appears more or less unavoidable in view of the victory of Mr. Lewis in his demand for higher wages for his miners, which can be counted upon to put real pressure behind the demands for higher wages elsewhere, which have been growing in importunateness for a good while past. Indeed, the Board's Chairman, in his letter to the President of the Senate, admits in effect that the Board was faced by a situation in which it could no longer refuse to yield to the organized power of the coal miners under the ruthless but shrewd leadership of Mr. Lewis. "We are not unmindful," the Chairman says,

(Continued on page 1920)

Leaving Money In Trust

Roger W. Babson Advises We Combine To Get Higher Returns On Our Money

First let me speak a good word for the trust companies and other banks which are taking care of trust funds. So far as the law permits they are doing a good job. Many more parents and grandparents should establish trust funds for those who are to follow. "Shrouds do not have pockets." To die without a will is a calamity. Leave your children something outright; but also be sure to put something in trust for them. Do it today.

Roger W. Babson

Bonds May Become A Curiosity

People fail to realize how the market is being cleaned up of good bond issues. Outstanding bond issues are being redeemed or reduced rapidly and very few new bond issues are being put out. This accounts for the rapid increase in prices of preferred stocks, while common stocks are remaining stagnant. Trustees are being forced either to buy stocks or else government bonds for their beneficiaries. Certainly there is no sense of paying banks to invest in government bonds! A few wise trustees are hedging by buying investment trust securities, fire insurance stocks and chain store company preferreds.

My appeal today, however, is not so much to the banks and trustees as to my readers, who should get busy to get state laws changed. The fact is that the banks may be tied down too much by state laws regarding the investment of trust funds. In view of impending inflation, instead of all these laws protecting widows and orphans, some of them may be penalizing these deserving beneficiaries. Surely, if we are going into a period of inflation, certain stocks may be safer than the very best of bonds.

Trust Funds Rapidly Increasing

Another thing: Trust funds are growing at a tremendous rate. So far as the beneficiaries are concerned, this is a good thing; but is it good for the community? Owing to state laws regarding trust funds, trustees are frightened of their shadows. Hence, they put no money into new enterprises to help the community or the nation. This is bad practice. A dog cannot live indefinitely by chewing his own tail. A country cannot survive without continually putting new money into new enterprises. State laws should compel trustees to

(Continued on page 1924)

W. L. Hemingway, Former ABA Head, To Study Economic and Monetary Problems

W. L. Hemingway, immediate past President of the American Bankers Association and President of the Mercantile-Commerce Bank and Trust Co. in St. Louis, recently arrived in London, at the invitation, it is understood, of the British Government in recognition of his interest in and understanding of international economic and monetary problems.

W. L. Hemingway

It will be recalled that the program of the American Bankers Association convention in September, over which Mr. Hemingway presided, was devoted largely to questions of both domestic and international finance, and that authorities in these fields were heard as speakers. Under his administration the Economic Policy Commission of the ABA brought out a comprehensive study of current economic problems and monetary proposals under the title, "The Place of the United States in the Post-War Economy."

This study, or report, urged post-war economic planning "while the spirit is on us." It stated that the key to post-war economic revival is to be found in the elimination of obstacles to initiative and enterprise, and suggested that "the more realistic approach assumes that potential forces exist even today within each country for its reconstruction and that what is most needed is to release these powerful affirmative forces."

It analyzed current proposals, such as the British Keynes plan and the White plan of the United States Treasury for an institution to stabilize international currency, and pointed out their inflationary character. It concluded that "some international institution is desirable to help nations in stabilizing their currencies, to provide a meeting place for the discussion of monetary questions, to collect information which is a necessary basis for sound discussions, and to make some arrangements for stabilization credits in cases where they are justified, or for temporary, seasonal or emergency credits with provision for early liquidation." It raised the question, however, as to whether a new institution or the adaptation of existing machinery would be more effective.

"Whether the needs of the situation would be best met by modifications in the structure of the Bank for International Settlements, or by the establishment of a new institution is a question which should be fully explored," it said. "Speaking generally there is much to be said for building upon machinery which already exists. A second essential point is that institutions of this sort are no substitute for the hard, patient labor of re-esablishing the economic soundness of participating countries, of the balancing of budgets and readjustments to post-war conditions," it added.

The report stated that the "real progress must be founded upon the regenerative efforts of individual initiative and enterprise. These efforts can be aided through government cooperation and at times by government participation, but the primary task is one of releasing the natural forces of recovery," it said.

"To remove obstacles and set free the pent-up forces of enterprise calls for action toward seven objectives," it declared. These are as follows:

"1. Relief—temporay aid in the form of food and some minimum of raw materials and tools for ravaged nations to avert starvation and help restart industry; to be supplied through some form of lend-lease.

"2. Prompt peace—early determination of as many as possible of the main peace conditions so that governments and private individuals can make plans.

"3. Collective security — establishment of some form of organization or guarantee to prevent war, thus lessening the fear of new conflicts, diminishing the incentive towards extreme nationalism, and avoiding the waste of resources in armament competition.

"4. Monetary stability—collaboration between nations to restore currency stability, so that trade and enterprise can count upon the value of the money they use.

"5. Lower trade barriers—with all nations to some extent dependent upon foreign trade and many nations largely so, efforts to broaden international commerce are necessarily part of any program for revival of international economies.

"6. Reducing the swings of the business cycle — because of the damaging effects of alternating booms and depressions upon all countries, particularly those dependent upon a few primary products, efforts to modify such swings are essential to an enduring postwar recovery.

"7. Making credit and capital available—given a reasonable degree of security, private capital is ready to supply much of the international short-term financing and long-term investment needed. Some use of government credit may be necessary; but international credits should be made for sound purposes, in reasonable amounts and with expectation of repayment."

The ABA stabilization machinery was proposed in the report of the Association's Economic Policy Commission, given in our issue of Sept. 30, page 1301.

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From Washington Ahead Of The News

By CARLISLE BARGERON

When there is a great rejoicing in this war stricken country such as we gather from the editorials there is today over Barney Baruch's latest assignment, we hate to come along as a wet blanket. The fact is, though, that there is a great movement underway in Washington, in the pageantry of Mr. Roosevelt swinging from the Left to the Right, to get Mr. Baruch's imprimatur on as many things as possible, things with which he will have had very little to do, but if his name is attached to them, well everybody must agree that they are the essence of good judgment and common sense.

The real significance in his being named to work out the war reconversion program, we think, lies in the question of why another agency had to be created at all. The program has to do, of course, with what the Government intends to do with the gigantic industrial empire worth around $20 billion, three fourths of which it owns. Manifestly, the advocates of a government operated economy who as Senator George recently warned have become emboldened with the exigencies of the war, who originally advocated only the taking of savings, through taxation and borrowing, to create work, but who have now advanced openly to advocating outright investment by the Government of these savings in certain enumerated key industries—

(Continued on page 1922)

Truman Committee Favors Repayment For Lend-Lease Aid—Urges Allies' Resources Be Used To Maximum Before Asking U.S. Aid

Demands that the United States receive greater quantities of reverse lend-lease supplies and that lend-lease recipients be compelled to fully use their own resources before requesting American aid were made on Nov. 5 by the Special Senate Committee investigating the national defense program.

The report, filed by the Committee Chairman, Senator Truman (Dem., Mo.), outlined certain problems connected with conversion from war production, the solution of which will greatly affect the real cost of the war program.

In commenting on the need for reducing the ultimate cost of the lend-lease program, the committee recommended that, if England cannot pay in dollars for the petroleum she needs, some thought be given to American acquisition of British-held petroleum reserves in Asia, South America and the Dutch East Indies.

In a further comment, according to the Associated Press, the committee asserted that the United States has had to supply rubber and rubber products to England. England not only did not build an adequate stockpile, the committee asserted, but through its English and Dutch-controlled international rubber regulations committee hindered RFC Chairman Jesse Jones in his efforts to obtain a stockpile for this country.

The Associated Press Washington advices further reported:

"Consideration should be given now as to the terms and conditions under which any such rubber monopoly should be continued after the war," said the report. "We should insure that we will never again be the victims of a plan by which we were forced in the twenties to pay exorbitant prices for rubber at the same time we were being called Shylocks in the English press for requesting repayment of war loans which we had made to England.

"Attention should also be given to the possibility of acquiring rights in the deposits of English-owned resources of nickel, copper, tin and iron in countries outside England, and the right to receive manganese from Russia after the war in return for lend-lease articles furnished it now."

The report continued:

"Many of our industries particularly agriculture, will be greatly dependent upon the extent of our foreign trade, which in turn, will depend upon the policies we adopt with respect to lend-lease and rehabilitation.

"Such programs are now so huge that their sudden termination would have serious effects upon important parts of our economy, and yet their maintenance constitutes a most serious burden upon our taxpayers, and, in some cases, a serious drain upon limited natural resources."

Every effort should be made, the report said, to obtain additional reverse lend-lease and to compel lend-lease recipients to utilize the resources they have to a maximum before requesting aid from us.

"We should never forget," it stated, "that lend-lease was originally authorized by the Congress, solely because the English and others whom we desired to assist did not have sufficient American exchange to purchase materials needed by them.

"Lend-lease was never intended as a device to shift a portion of their war costs to us, but only as a realistic recognition that they did not have the means with which to pay for materials they needed.

"Before authorizing lend-lease, the Congress expressly requested and received assurances that lend-lease assistance would be extended only where the recipient was fully utilizing all of its own resources. Such resources of course, include foreign-held American securities and foreign-held securities which control basic raw materials abroad."

The committee asserted that "our domestic economy will be greatly affected by the determination which is to be made of our international problems."

Stabilization Fund Called Plan to Give Britain Control of U. S. Gold by Rep. Smith

The plan to establish a United and Associated Nations Stabilization Fund "is nothing less than a plan to give Great Britain control of our gold stock and unload upon the United States an immense volume of debts owed by Britain to other countries," it was charged in the House on Nov. 1 by Representative Smith (Rep., Ohio), member of the House Banking and Currency Committee.

The following regarding his remarks was reported in Associated Press Washington accounts of Nov. 1:

"There are not two plans, the British plan, called an 'international clearing union,' and another plan supposedly formulated by the Administration, called a 'united and associated nations stabilization fund,' " he declared. "There is only one plan, namely, the British plan. . . . The British furnished the materials for this scheme."

Mr. Smith told the House that John Maynard Keynes, adviser to the British Exchequer, was "unquestionably the spearhead of the movement," but added:

"It is the British Government that the United States must hold responsible for its promotion, just as the Roosevelt Administration must be held responsible for the part our Treasury officials are taking in it."

Under the British proposal, Mr. Smith said, an international clearing union would be established, based on international bank-money called "Bancor," fixed in terms of gold and accepted by all members of the union for the purposes of settling international balances. The value of "Bancor," he added, could be "arbitrarily altered by the will of those operating the scheme."

The Administration's latest proposal, he declared, provides for establishment of a monetary unit to be known as the "Unitas," with a value fixed in terms of gold but subject to alteration.

"The main characteristic of revised Unitas would be its high degree of variability, which would give it the desired political manipulability," he commented. "The gold liability of the United States (to the internationl fund) would be nearly four times that of the whole British Empire, yet the United States would have only 20% of the votes while the Empire would have 19%."

As now contemplated, Mr. Smith said, the fund could be used to purchase large amounts of debts owed by Britain to her colonies, with the United States having no control or veto.

"Clearly there is implied (in the proposal) the power to regulate the value of our money, which the Constitution specifically vests in the Congress," he continued, ". . . What really is proposed here is a world super-State, with Britain dominating."

Down With Subsidies!

"It is at least 25% more profitable to produce pork than milk. The result, pork production is up, milk production down.

"Milk limitation orders, another name for compulsory dealer rationing, are here, and before the turn of the year shortages will be acute. Unless present policies on prices and subsidies are changed, I expect to see consumption of fluid milk reduced to 80% of June by this time next year instead of the present 100% of June.

"Decreased food production, greater civilian control, greater distribution control, more control over farmers, less liberty, less freedom—was all this planned or was it accidental? The last bulwark of freedom of our independent farmers may fall if the plan of subsidy in place of fair price now in process of application is put over as a permanent program.

"Subsidies are inflationary. They are used for so-called reform. Actually they are reactionary reforms. Subsidies are used to bring about compliance by individuals with bureaucratic demands. The broad powers placed in the hands of more or less irresponsible subordinates to write the conditions on which subsidy payments will be made leads to the temptation to include restrictions on individual activities and compel subservience in matters only distantly relating to subsidies themselves. Subsidies will not increase production to the extent that equivalent prices would."—Fred H. Sexauer, President of the Dairymen's League Cooperative Association, Inc.

We can only hope farmers generally will make careful note of Mr. Sexauer's warning.

The State Of Trade

Electric power production again stood out prominently, reaching a new all-time record last week. Carloadings showed a substantial drop, however, and steel production fell off sharply as a result of the coal strike. The retail trade continues to show marked activity and substantial gains.

Electric power production in the United States reached a new peak in the week ended Oct. 30, at 4,452,592,000 kilowatt hours, compared with 4,415,405,000 in the preceding week and 3,774,891,000 in the like 1942 week, according to the Edison Electric Institute. It was the third successive week in which new peak production had been established. Compared with the 1942 week, power output for the final week of October was up 18%, with Pacific Coast and mid-Atlantic regions showing the largest year-to-year gains, 26.1% and 21.4%, respectively.

Carloadings of revenue freight for the week ended Oct. 30 totaled 883,678 cars, according to reports filed by the railroads with the Association of American Railroads. This was a decrease of 21,641 cars below the preceding week this year, 6,882 cars fewer than the corresponding week in 1942 and 11,067 cars under the like period two years ago. This total was 118.58% of average loadings for the corresponding week of the ten preceding years.

Steel ingot production for this week is scheduled at 98.2% of rated capacity, equal to 1,711,600 net tons, a low since the 1,710,900 tons in the week ended Aug. 16. In the preceding week output was 1,743,000 tons and in the second week of November of last year, 1,703,800 tons, according to the American Iron & Steel Institute.

Steel production in the United States during October, just before the full effect of the coal strike hit the industry, established a new high for any month in history, according to the American Iron & Steel Institute. The Institute also announced that owing to the coal shortage, steel output for this week will be at the lowest level since mid-August. It also was admitted in Institute quarters that effects of the coal strike make it impossible for the steel industry to attain the 90,000,000 ton 1943 steel goal asked by the War Production Board.

All production records were shattered in October when total United States output reached 7,786,359 net tons of ingots and steel for castings. This performance was despite some loss of production caused by the wildcat strikes in coal mines which preceded the general shutdown.

Commenting on the outlook for November and December steel production, an industry spokesman pointed out that many coal mines still are not operating normally and that because of dangerously small stockpiles it may be several weeks before the industry is able to return to peak production.

Civil engineering construction volume in continental U. S. totaled $193,379,000 for October, a weekly average of $48,345,000 for the month. This weekly average volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, was 8% below the average for the five weeks of September, 1943, and 65% lower than the average for the five weeks of October, 1942, as reported to "Engineering News-Record."

On the weekly average basis, private construction for October exceeded the preceding month by 28%, being 60% higher than a year ago. Public construction, however, is 16% and 72% lower, respectively, than last month and last year. State and municipal construction and Federal construction are down 26% and 15%, in that order, from their volumes for September, and are 50% and 73% below their respective totals for October, 1942.

Department store sales on a country-wide basis were up 10% for the week ended Oct. 30, compared with the like period a year ago, according to the Federal Reserve Board. Store sales were up 11% for the four-week period ended Oct. 30, compared with last year.

Department store sales in New York City declined 7% in the week ended Oct. 30, compared with the corresponding 1942 week, according to the Federal Reserve Bank of New York. Sales showed a gain of 7% for the four week period. Apparel store sales were ahead in both periods, registering a 17% gain for the week and 27% rise over the four weeks.

Chain-store sales were somewhat mixed during October with a number of those reporting to date showing declines from the like 1942 month, while gains reported by some of the others were smaller percentage-wise than in the previous month. Mail-order companies reported the largest declines in the month with variety stores also reporting smaller sales than in October last year.

Warns Of War Contrac Termination Rules

Comptroller General Lindsay Warren on Nov. 4 Condemned War Department contract termination regulations as offering opportunities "to sell the United States down the river" through improper and excessive settlement, according to United Press Washington advices, which further stated:

Testifying before a Senate Military Affairs subcommittee, he reiterated previous charges before other Congressional groups and renewed his contention that the government would pay "millions of dollars" in excessive or improper payments if various government contracting agencies are permitted to terminate and settle their own war contracts.

He again urged legislation to give his General Accounting Office authority to "audit and review" every proposed contract settlement befort final payments can be made.

Subcommittee Chairman James B. Murray (D., Mont.) told Mr. Warren that he was in "full accord" with his desire "to protect the interests of the United States." He said, however, that delays in war contract settlements could be "disastrous" to the country's economy.

Mr. Warren agreed that no time should be lost in making final government payments to contractors to help them reconvert to civilian production but he opposed any authorization for government officers to make final settlements of their contracts.

ABA Savs. Conference In Chicago Dec. 3

A one-day conference on savings banking sponsored by the Savings Division of the American Bankers Association will be held in Chicago on Dec. 3, it is announced by Fred F. Lawrence, President of the Division, who is Treasurer of the Maine Savings Bank, Portland, Me. The theme of the meeting will be, "Preserving Bank Leadership in the Savings Field." A. L. M. Wiggins, President of the American Bankers Association and President of the Bank of Hartsville, Hartsville, S. C., and Dr. Paul F. Cadman, economist for the ABA, will be among the principal speakers who will address the meeting.

Invitations to attend have been sent to all banks within a 200-mile radius of Chicago. Headquarters for the conference will be at the Palmer House.

The meeting will be called to order by Roy R. Marquardt, Vice-President of the First National Bank, Chicago. The conference will be addressed by Messrs. Lawrence and Wiggins, and Dr. Paul F. Cadman, Economist, ABA. There will be an open forum at which discussions on Savings Policy will be led by Ernest M. Fisher, Deputy Manager ABA; Charles R. Reardon, Vice-President First National Bank, Joliet, Ill., and John S. Stubblefield, President Peoples State Bank, St. Joseph, Mich.

Senate Approves Resolution Calling For Post-War Collaboration For Peace

By a vote of 85 to 5, the Senate on Nov. 5 approved a resolution on post-war foreign policy, pledging United States' cooperation in creating "international authority to prevent aggression and to preserve the peace of the world" and recognizing the need for establishing a general international organization.

This resolution was modified from the form in which it was first reported by the Senate Foreign Relations Committee so as to include in substance article 4 of the agreement signed in Moscow by representatives of the United States, Great Britain, Soviet Russia and China and made public Nov. 1. The Committee decided on Nov. 3 to revise its original resolution. In addition to incorporating part of the Moscow declaration, the Senators added a paragraph citing the Senate's Constitutional authority to ratify treaties by a two-thirds vote. Senator Connally (Dem., Tex.) Chairman of the Senate Foreign Relations Committee, who had previously refused to amplify the resolution agreed to the change after calling a special Committee meeting and in an effort to secure early action and end the debate. A bipartisan group of 14 Senators had been insistently seeking the broadening of the Connally resolution.

On Nov. 4 the Senate by overwhelming majorities turned down two attempts to amend the measure further. Attaching the principles of the Atlantic Charter to the document and requiring that participation by the United States in the planned international organization be done by treaty only were the proposals.

Senate passage of the post-war resolution on Nov. 5 came after several other attempts to amend the measure were rejected on voice votes. The only ones recorded against the final resolution were Senators Johnson (Rep., Calif.), Reynolds (Dem., N. C.), Wheeler (Dem., Mont.), Langer Rep., N. D.) and Shipstead (Rep., Minn.).

Debates on the resolution had opened on the floor of the Senate on Oct. 25.

The text of the Senate resolution follows:

"**Resolved**, That the war against all our enemies be waged until complete victory is achieved.

"That the United States cooperate with its comrades-in-arms in securing a just and honorable peace.

"That the United States, acting through its constitutional processes, join with free and sovereign nations in establishment and maintenance of international authority with power to prevent aggression and to preserve the peace of the world.

"That the Senate recognizes the necessity of there being established at the earliest practicable date a general international organization, based on the principle of the sovereign equality of all peace-loving states, and open to membership by all such States, large and small, for the maintenance of international peace and security.

"That, pursuant to the Constitution of the United States, any treaty made to effect the purposes of this resolution, on behalf of the Government of the United States with any other nation or any association, of nations, shall be made only by and with the advice and consent of the Senate of the United States, provided two-thirds of the Senators present concur."

Previous reference to debate on the resolution was made in our issue of Nov. 4, pages 1785 and 1808.

Food Subsidy Programs Called Unsound By Grocery Manufacturers Association

Opposition to the Administration's food subsidy program was voiced by the Grocery Manufacturers of America on Nov. 5 in a resolution adopted at its annual conference in New York City. This action was taken despite a plea by Chester Bowles, Federal Price Administrator, that Federal subsidies are "the cheapest insurance" for the disease known as runaway prices. Mr. Bowles told the members of the organization that, if Congress refuses to continue the use of subsidies to keep retail prices from rising, there will be a sharp increase in the price of some important food products. However, the organization sharply assailed the subsidy proposals in its resolution, which according to the New York "Times" said in part:

"The food manufacturing industry cannot approve this price control of processed food products on the subsidy basis, because it is fundamentally unsound. In the first place it is justified on the fallacious theory that our people will thus be saved from the expense otherwise imposed by a higher price; whereas the fact is that they must then pay this expense by taxation and that it will be materially increased from an administrative standpoint. In the second place, any important plan of subsidy payments by the Government invites a serious raid on its treasury which will be difficult to limit; and it inevitably introduces a bureaucratic control of private industry, which is repugnant to free institutions and therefore detrimental to the general welfare."

Paul S. Willis, President of the Grocery Manufacturers of America, had criticized on Nov. 3 the attempt to solve food price problems through subsidies. Assenting that subsidies "merely postpone paying the grocery bill," Mr. Willis, it is learned from the New York "Herald Tribune" stated:

"We should be realistic and bring all cost elements into balance now so that adjustments will be fair and permanent. If this requires adjustments let us make them now. The elements which make up the price of finished food products have continued to climb. Farm prices, labor, supplies and equipment have all risen while ceilings remain rigid. This is an unbearable situation, and subsidies are not a solution, they only prolong and aggravate the situation."

At the Nov. 4th session of the conference, Fred H. Sexauer, President of the Dairymen's League Cooperative Association, Inc., also denounced the subsidy program. Predicting a sharp reduction in milk production, Mr. Sexauer was reported in the New York "Times" as declaring:

"Milk is politically hot, so Washington fiddles, while cows dry up. It is at least 25% more profitable to produce pork than milk. The result, pork production is up, milk production down.

"Milk limitation orders, another name for compulsory dealer rationing, are here, and before the turn of the year shortages will be acute. Unless present policies on prices and subsidies are changed, I expect to see consumption of fluid milk reduced to 80% of June by this time next year instead of the present 100% of June.

"Decreased food production, greater civilian control, greater distribution control, more control over farmers, less liberty, less freedom—was all this planned or was it accidental? The last bulwark of freedom of our independent farmers may fall if the plan of subsidy in place of fair price now in process of application is put over as a permanent program.

"Subsidies are inflationary. They are used for so-called reform. Actually they are reactionary reforms. Subsidies are used to bring about compliance by individuals with bureaucratic demands. The broad powers placed in the hands of more or less irresponsible subordinates to write the conditions on which subsidy payments will be made leads to the temptation to include restrictions on individual activities and compel subservience in matters only distinctly relating to subsidies themselves. Subsidies will not increase production to the extent that equivalent prices would."

N. Y. Group Urges Study Of Post-War Shipping

Taking the position that the American Merchant Marine must be expanded beyond its pre-war status, but that it should not be used in "cut-throat competiion" with other nations dependent upon their shipping business, the New York State Chamber of Commerce urged on Nov. 4 that Admiral Emory S. Land, Chairman of the Maritime Commission, appoint a committee of Government and industry representatives to study post-war shipping problems.

A report presented by Alfred V. S. Olcott, Chairman of the Committee on the Harbor and Shipping, in warning against a repetition of the demoralization in shipping which followed the last war, said:

"The surplus of merchant tonnage at the end of the last war, the lack of a sound plan for its disposition, or a definite shipping program to serve world commerce, worked to dislocate shipping in all parts of the globe. In the scramble for business, many lines sprang up almost overnight, old trade routes were abandoned and replaced by new ones, and the sharp competition which followed resulted in general demoralization of our shipping industry. This must not be allowed to happen at the end of the present conflict."

The report emphasized the necessity of maintaining a Merchant Marine "which not only will provide ample tonnage for the nation's commerce in normal times, but which will also be sufficiently large to give us an adequate merchant navy for national defense."

November 1 Cotton Report

A United States cotton crop for 1943 of 11,422,000 bales of 500 pounds gross weight is forecast by the Crop Reporting Board of the United States Department of Agriculture as of Nov. 1. This is only 36,000 bales less than the forecast as of October 1 and compares with 12,824,000 bales ginned in 1942 and 12,474,000 bales, the 10-year (1932-41) average. The indicated yield per acre of 253.4 pounds for the United States is considerably above the 10-year average of 217.00 pounds but below the record yield of 272.5 pounds produced in 1942.

Some reductions from production in prospect on October 1 are indicated for North Carolina, Tennessee, and Missouri, where deterioration resulted from killing frost during mid-October. A small reduction is also indicated for Texas. These reductions are partly offset by increases in Georgia, Mississippi, Louisiana and Oklahoma, where the crop is turning out slightly better than was expected last month. For other States no change is indicated from a month ago.

The report of the Bureau of the Census shows ginnings to November 1 at 9,061,252 running bales from the crop of 1943, compared with 9,713,354 bales for 1942 and 7,961,157 bales for 1941.

Basis For Determining Quotas For Nations Under White Currency Plan Made Public

Advices to the effect that the basis for determining the quotas for individual nations under the White Plan for international monetary stabilization have been made public for the first time in copies of the London "Financial News" now arriving in this country, were contained in the New York "Journal of Commerce" of Oct. 28, which points out that the official draft of the White Plan for an International Stabilization Fund, as made public in Washington in August stated only that "an agreed upon formula which gives due weight to the important relevant factors, e.g., a country's holdings of gold and free foreign exchange, the magnitude and the fluctuations of its balance of international payments, its national income, etc.," shall be used to compute quotas. The account in the "Journal of Commerce" went on to say:

The specific formula advanced by the United States Treasury for computing the quota of each member country of the International Stabilization Fund equals:

1. 2% of the national income; plus

2. 5% of gold and free exchange balances; plus

3. 10% of the average imports; plus

4. 10% of the maximum variation in exports.

The total of these four items is to be increased by the percentage ratio of average exports to national income.

The United States quota would be 20% of the total Stabilization Fund under this formula. Since aggregate quotas are to be at least $5,000,000,000, the United States quota will be at least $1,000,000,000. The share of the United Kingdom and the colonies, but without the Dominions, would be 10%; Soviet Russia, 6%, and China, 3%. Thus, the four principal United Nations would have a combined total of about 50%.

As to the voting power disclosed by the London "Financial News" the "Journal of Commerce" reports:

Since the voting power on the Board of Directors of the International Stabilization Fund is to be based on the quotas of individual countries, the "Financial News" makes known how many votes each important nation will have. The basis is 100 votes, plus one vote for each $1,000,000 of its quota.

The "Financial News" states:

"The United States Treasury estimates the quotas and number of votes of the member countries as follows:

(In millions)

Country—	Quotas	No. of votes
Australia	$149	249
Brazil	107	207
Canada	278	378
China	350	450
India and Burma	367	467
Mexico	63	163
New Zealand	54	154
U. S. S. R.	763	863
South Africa	175	275
United Kingdom (including Colonies)	1,275	1,375
United States	2,929	3,029
Rest of United and Associated Nations	3,554	6,454
Total	$14,064	10,064

"The above figures are subject to modification on the basis of Clause 4 of Chapter II of the third draft of the White Plan, which stipulates:

"Before computing individual quotas on the basis of the agreed formula there shall be reserved an amount equal to 10% of the aggregate quotas to be used as a special allotment for the equitable adjustment of quotas. Where the initial quota of a member country as computed by the formula is clearly inequitable, the quota may be increased from this special allotment."

The Treasury's currency stabilization plan was referred to in these columns April 8, pages 1300-1305; details of its revised currency program were given in our Aug. 26 issue, page 829.

Jos. Curran Put In 2-A By Roosevelt

Joseph Curran, President of the National Maritime Union, a Congress of Industrial Organizations affiliate, had his draft classification changed from 1-A to 2-A for a six-month period by his local Selective Service Board on receipt of an order authorized by President Roosevelt. Noting this the New York "Herald Tribune" of Nov. 6, also had the following to say:

"The order, effective Oct. 23, was issued by Major General Lewis B. Hershey, national director of selective service after the N. M. U. had filed an appeal from the 1-A classification ordered by Appeal Board 4, headed by Charles A. Tuttle, former United States Attorney for the Southern District of New York.

"The six-month deferment, granted because Curran is "essential to civilian activity," virtually removes all possibility that he will be drafted, unless the present law is revised, since he will be 38 years old on March 1, 1944. Men over that age are not drafted unless the armed forces make a special request because of a certain qualifications.

"Informed of the decision in Philadelphia where he is attending the sixth annual C. I. O. convention, Curran said: "The draft board has spoken. The President's board has spoken. I abide by their decision."

"The controversy over Curran's draft classification began on Sept. 9 when Colonel Arthur V. McDermott, selective service director for New York City, instituted a proceeding to have Curran's draft deferment withdrawn and have him placed in 1-A—available for immediate induction into the armed forces.

The appeal board voted 4-to-1 to withdraw the deferment given by Local Board 18, 1133 Broadway, and ordered him placed in 1-A immediately. Since the vote was not unanimous an appeal to the President could be taken and the union in the absence of Curran, who had shipped out as a seamen, to inspect conditions among merchant seamen abroad, "forthwith notified the local board that it was appealing the 1-A classification."

NY Chamber Condemns Govt. Interference With Ins. Business

Federal interference with the insurance business was condemned by the New York State Chamber of Commerce on Nov. 4 in adopting a report from its Committee on Insurance urging enactment of the Bailey-Van Nuys bill. The report said:

"The States long ago found that to permit uncontrolled competition as visioned by the Department of Justice, often resulted in insolvency of insuring companies and loss to the policyholders, for uncontrolled competition led some companies to make rates that violate the laws of average. It is only by cooperative action and uniformity of rates and practices, that financial soundness can be maintained, but it is this that the Department of Justice wishes to destroy."

The Financial Situation

(Continued from first page)

"that failure to approve this (the Ickes-Lewis) contract might precipitate a repetition of recent coal mine shutdowns throughout practically the entire nation. We know that the circumstances of the last several months have raised around this contract many far-reaching questions of Governmental policy. These larger questions of Governmental policy, the solution of which unhappily has been too long deferred, will now, we hope, be faced and solved. The Government can rectify by appropriate action any change of policies that may be necessary. But we could never recover the losses, especially of human life, that would result from failure to provide materials of war. Nor are we unmindful of the varied selfish and political factors involved in this matter. We cast these aside to reach the core of the problem: the speedy production of the greatest amount of coal." Here is plainly a confession of impotence—and an invitation to other groups of organized labor to demand higher wages with full expectation of getting them if they have, as most of the unions do, the same strategic advantage which the coal miners employed with such good effect.

But the Facts!

We are far from certain that the War Labor Board, given the circumstances which had been permitted to develop, had any alternative to the action taken—with regret, be it said. It might, however, have stuck a little more closely to the facts in explaining its position. In the first place, its gratuitous award of honor to union leaders (other than Mr. Lewis) could well have been omitted. Many informed observers who are more concerned with realities than the hypocracies will find it strange, for example, that the Chairman of the Board could have brought himself to say that "due credit should be given to the patriotism and foresight of the majority of the workers in basic industries who accepted stabilization of their wages at a time of rising living costs. In a great number of instances, their union leaders were so conscious of their responsibilities under the Government's program to hold down the cost of living they did not even demand an increase in their general level of wages. The outstanding exception should not obscure the wisdom and forbearance of these responsible labor officials."

The fact is that other leading union officials have for the most part waited with obvious impatience to see which way the cat would jump in the coal case, meanwhile keeping the record respectable with constant abuse of Mr. Lewis, whom they feared was stealing power from them. The Board's apologia, however, is deplorably weak at more important points. It would be interesting indeed to know how the Board would undertake to defend its statement that organized labor had been asked to carry a burden of sacrifice greater than that asked of other elements in the population. Indeed, it would appear that no one in the community has been asked to shoulder a lighter burden. So far as the amount of pay they have received is concerned, most union members have been asked to carry, and in fact have carried, no burden at all. It may or may not be true that since we entered this war the rate of wages has not on the average risen as fast as the cost of living; it is clearly not true that the cost of living has risen as far or as fast as the amount of money most union members find in their envelope at the end of each week.

What Sacrifices?

If the average union member has been asked to make any sacrifice for the sake of the war effort, apart from those arising out of general shortages of consumers' goods, it has taken the form of a demand that he work harder for longer hours—for time-and-a-half pay. But it is difficult to understand how any one familiar with the situation could find anything distressing in this situation, when the record shows that most men are still not working as many hours a week as a very few years ago was considered a normal and wholly reasonable work-week. As to the intensity of the effort put forth—no one who visits an average plant will be easily convinced that the workmen of this country are over-exerting themselves even in these times. It is true, of course, that in a relatively few instances key men, or men with special skills, are working long hours, but it is likewise true that the amounts of pay these men are receiving for their work leaves their status a poor argument for sustaining the position now assumed by the War Labor Board.

One supposes that the Chairman of the Labor Board has the farmer in mind when he sheds crocodile tears over the position of organized labor. It is true beyond any question that the farmer has long been another darling of the Administration. The pampering of him was a national scandal long before the war, and continues to be in some respects a shameful performance. Here it is not so much a matter of permitted prices—except in their relation to one another—as it is largesse and deliberately supported prices. Even so, however, it would be difficult to convince most informed persons that the farmer has received or is receiving more generous treatment than organized labor. The fact is, of course, as one would suppose the Chairman of the War Labor Board would be fully aware, that organized labor and the farmer are the two segments of the population, and the only segments, which have gained, and are still profiting in a large way from the war.

The Real Sufferers

The real sufferers from what the Labor Board is pleased to term inflation, and the elements which will suffer still more seriously if the rising trend in living costs continues, are those groups which the President not so long ago expressed the fear would become the "forgotten men and women" of this war—the 20,000,000 or so whose income has not increased at all, and in many instances has actually declined. They are the men and women living on annuities, or on relatively small fixed incomes from past investments, a multitude of business men (most often said to be small business men, but really many not in that category), salaried groups, and other similarly situated individuals. The Board's apologia would have been on much stronger ground if it had concerned itself with these.

The outlook would be much heartening if there were good reason to hope for really sounder policies to replace those now apparently about to be discarded.

Post-War WPA For Servicemen Opposed

Suggestions by Army officers that soldiers will not be released until industry has jobs for them and that war contracts would be kept in operation pending reconversion of plants were criticized on Nov. 5 in a report by the Truman committee of the Senate as beyond the authority of the military establishment. The committee advised the military authorities that they have no authority to provide a post-war WPA.

"The Congress has never authorized either the War or Navy Department to provide a new Work Projects Administration by forcing soldiers or sailors to remain in the Army or Navy, or by permitting the production of war goods for which there is no military use," the report asserted, according to the Associated Press, from which we also quote:

"The Congress did not vote billions of dollars of appropriations to the War and Navy Department for such purposes as these and the job which the Army and Navy did in peace-time planning for the war-time needs does not support a conclusion that they should be allowed to determine the conditions under which peace-time business is to be operated. This is not a military function."

Wallace Warns Of Fascism In Western World If Labor, Agriculture And Industry Fail To Hold Economic Balance

Outlining six duties of farmers and workers, Vice President Henry A. Wallace warned on Nov. 3 that "some new form of Western World Fascism will take over" if labor, agriculture and industry fail to maintain economic balance.

Mr. Wallace spoke before the annual convention of the Congress of Industrial Organizations at Philadelphia, and in reporting his remarks, the Philadelphia "Inquirer" of Nov. 4 stated:

One of the duties of the farmer and the worker, Mr. Wallace declared, is to be "fair to the consumer."

They must not, he said, "enter into unholy alliances with capital to loot the consumer's pocketbook. Any limiting of production and hiking of prices is plain hi-jacking."

"If such practices spread," Mr. Wallace continued, "they will impoverish the country, increase unemployment, and eventually destroy both organized labor and organized agriculture. Some new form of Western World Fascism then will take over our glorious future."

Mr. Wallace asked especially for harmony between the worker and the farmer, representing two groups, he said, which "are the greatest of all special classes of American citizens."

But Mr. Wallace added that there can be "no hope, if labor and agriculture fight each other and their government. Laborers and farmers must participate to the fullest extent as citizens of their country."

He called on labor to unite behind President Roosevelt in his "fight to roll back food prices in order to prevent economic chaos."

Warning that "temporarily a few demagogues in capital, labor, agriculture and government may gain their petty advances for minority pressure groups," the Vice-President advised labor to look to the future and plan to hold its strength when high earnings of the present are over."

"If unemployment hits labor again," Mr. Wallace said, "members of both labor and farmer organizations will be unable to pay their dues, reserves which have been piled up will disappear rapidly, and their strength will vanish."

In their duties to themselves, Mr. Wallace advised, they "must never knuckle under to any set of leaders who put self first and the human race second."

Such leaders, he said, not only are to be found among racketeers in labor, but also among the "otherwise, honest and sincere" leaders who fight for special privileges.

Another duty of the farmer and the worker, Mr. Wallace said, "is to see that capital is fairly treated."

Joblessness and stagnation would result, he said, if the "man who risks his name and credit, serving well in creating new jobs and needed products," is not protected.

"Free enterprise," the Vice President warned, "must not be made a mockery by big enterprise. In the backwash of the war the small business man must not be washed out."

Another duty of the worker and the farmer Mr. Wallace described as one "very close to our hearts—the duty to the men who are overseas or who are going over."

Upon their return, the Vice President said, they must be greeted with jobs, security and full production which has been planned and provided by "our energies, our great affection and our wisdom."

Dr. Higgins Urges Planning Now To Avoid Post-War "Boondoggling"

State and local governments, as well as the Federal Government, should prepare immediately six-year public works programs with a reserve of useful projects to avoid "boondoggling" during the post-war period, Dr. Benjamin Higgins told members of the Institute on Post-War Reconstruction at New York University on Oct. 27.

Dr. Higgins, Bronfman Professor of Economics at McGill University, and research associate of the National Bureau of Economic Research, was formerly principal economist of the U. S. Federal Works Agency, consultant of the Public Works Reserve, and chief of the housing unit of the War Production Board. He spoke on "Public Works and our Postwar Economy."

"One of the main purposes of public work planning is to avoid 'boondoggling,'" Professor Higgins said. "In the early 'thirties, because of lack of preparation, it was necessary to spend some money on relatively useless projects. Money had to be paid out quickly, P. W. A. operated too slowly.

"There should be no excuse of 'boondoggling' again. Each State and local government, as well as Federal agencies, should prepare six-year programs and a reserve of useful projects, rated according to 'product effects,' perhaps with some cognizance of other factors. These should be reviewed by a Federal authority and rated according to 'process effects' so that when the time comes an ample supply of works ranking high on all counts is available."

Prof. Higgins defined "product effects" as the direct utility of projects themselves which would accrue even if the completed project sprang up overnight. "Process effects" were defined as "secondary increases in spending on consumption and investment arising from the mere process of undertaking the project and paying for it." He predicted that the need for non-war government outlays should not exceed $20,000,000,000 in the year it may take to defeat Japan after European Armistice. Continuing he said:

"In the following year increased consumption can be permitted to the extent that reconversion has been possible during the Japanese campaign and consumers' goods are available. It iseems unlikely that it could be allowed to increase more than $15,000,000,000 without inflation, or that private investment could increase more than $25,000,000,000—total investment at the 1941 peak was only $19,000,000,000.

"Since war expenditures should drop by $80,000,000,000, non-war expenditures of $40,000,000,000 may be required to maintain stability. In the second postwar year, consumption may increase another $30,000,000,000, but investment could hardly increase further, war expenditure should drop another $10,000,000,000, so non-war expenditures would still have to approximate $20,000,000,000."

Labor Shortage Problem Being Solved On Voluntary Basis, Says McNutt

Paul V. McNutt, Chairman of the War Man-Power Commission, in releasing a report of the National Management-Labor Policy Committee reiterating its opposition to national war service legislation reported new strides toward solution on a voluntary basis of the nation's critical man-power problem. The New York "Herald Tribune" of Nov. 7 from which the above is taken also had the following to say:

Terming the report a very "vigorous answer to the problem," Mr. McNutt expressed himself as more optimistic than in the past that Congress will not have to be asked to compel the American people to go to work to produce the necessities of war and civilian life.

The committee, with its broad representation of labor, agriculture and management, committed itself to a definite pledge to help solve the labor shortage without resort to legislation. There is still, however, much to be done by government, the committee told the commission. At the same time the committee pointed out that "the agencies of the government are to serve the people by informing them what has to be done, when and where it must be done, and that the people of the nation are the ones to determine how it shall be done."

What is needed, the Committee said, is a determination of the man-power needs and available supply (these it said, should be made by the War Man-Power Commission in close co-operation with management and labor of any given area); a determination of the relative urgency for products and services in each local area (to be ascertained in the local areas by government procurement and production agencies); a determination of the relative needs of employers for workers in each area; studies in individual plants of the causes for their failure to meet and maintain required employment levels; an effective control on the flow of available man power to points where it will contribute most to the war effort; and allocation of production volume to areas in accordance with their ability to supply the necessary man power.

The Committee report, based on a study started last July 20 at Mr. McNutt's request, contains in addition to the pledge and recommendations for government action, the outlines of a program which the committee believes should be followed to solve the man-power needs.

The report and pledge, which said that the signers "will strive vigorously and exhaust every possibility to solve the nation's man-power problems through voluntary, co-operative action in every industry and every area," were submitted unanimously over the signatures of the following committee members:

Philip Murray, President of the Congress of Industrial Organizations; William Green, President of the American Federation of Labor; H. W. Fraser, President of the Order of Railway Conductors of America; Frederick C. Crawford, President of the National Association of Manufacturers; Eric A. Johnston, President of the United States Chamber of Commerce; Albert S. Goss, Master of the National Grange; Edward A. O'Neill, President of the American Farm Bureau Federation; James G. Patton, President of the National Farmers Union, and R. Conrad Cooper, Assistant Vice-President in charge of operations of the Wheeling Steel Corporation.

The Committee reported that "man power still is being wasted through ineffective usages in some quarters, through excessively high turnover in others, and through restrictive practice in others;" that "large numbers of workers who should do so have not yet transferred into work necessary in time of war," and that "vast unused man-power resources of longer hours of work, improved performance of workers and employable women are still available."

This does not mean, the Committee said, that the voluntary system is failing. It does mean, it said, that there is need for "leadership, co-ordinated and understood plans and efficient administration." With these things, according to the Committee, and "not upon broadened control and regulation," the problem can be solved without compulsion and regimentation.

Fully effective mobilization and utilization of the national man power will be achieved, the Committee reported, when:

"(A) All agencies of government concerned with procurement, production and man power are administered under a co-ordinated and well understood arrangement in which government defines the war needs, enunciates the fundamental policies or 'rules of the game,' confines itself to a minimum of control and administrative detail, and provides the maximum of real assistance to those who must do the work, namely the people of this nation in each community.

"(B) All of the people understand their personal obligations as related to the war needs and know where and when to apply their services in such manner as best to aid in the war effort."

Other specific recommendations to the government were that the Office of War Mobilization should be called upon to conduct "continuing reappraisal of the nation's production requirements as related to the total man-power resources of the nation;" that the selective service system's regulations and procedures should be reviewed to establish the principle that men should not be drafted if their civilian work is more important to war production or the preservation of basic civilian economy and that withdrawals from a community should be timed with ability to obtain replacements; that government should release unnecessary personnel to work in industry and agriculture; that the War and Navy departments should "continue their searching examinations" of their use of men; and that the Governors of states should be urged to institute publicity programs to facilitate the man-power program.

Mr. McNutt told a press conference at which the committee's report was released that he did not view as news the fact that the committee opposed national service legislation. The Committee was opposed to it, he said, when he asked them last July to study the principles of national war service legislation by way of preparation should such legislation become necessary to the successful prosecution of the war.

Joint Hide Control Board

Establishment of a Joint Hide Control Office in Washington, in which the United States and United Kingdom will have equal representation, and Canada will also participate as her interests may appear, was announced on Oct. 28 by Harold Connett, Assistant Director of the Textile, Clothing and Leather Division of the War Production Board. The function of this agency, Mr. Connett explained, will be to receive offers of hides through the usual channels in the respective countries, to determine upon purchases and allocations of such offers to the respective countries, and to inform the appropriate governmental purchasing agencies in each country of the offers they might accept.

Mr. Connett's statement was made at the annual meeting of the Tanners Council at the Waldorf Astoria in New York and in an account in the New York "Journal of Commerce" by H. E. Luedecke, the principal points in Mr. Connett's statement were given as follows:

"Negotiations have been in progress for some time between the United States and United Kingdom authorities with a view to closer co-ordination in the joint purchases abroad of cattle hides, including kipskins and calfskins. There has also been discussion in regard to purchases of leather from abroad.

"With a view to clarifying the situation and enabling a decision to be reached, an international mission was recently sent to South America. The factual data obtained by this mission and its recommendations have been reviewed by the appropriate agencies of the two governments, which are now able to announce that an agreement in principle for a plan of operation has been reached. . . .

"Both the United States and United Kingdom authorities believe that the agreement reached is a long step forward, and will prove of inestimable benefit to the war effort with the least disturbance to the respective industries involved. It is felt that this method will be of immense value in implementing the recommendations of the Combined Raw Materials Board."

Fuel Oil To Coal Conversion Suspended

Petroleum Administrator for War Harold L. Ickes on Oct. 19 announced that industrial fuel-oil consumers throughout the country who are in process of converting their burners to substitute fuels may suspend their conversion activities.

The action primarily affects industrial consumers in the 17 East Coast and 15 Midwestern States, and applies only to users of the heavy, residual type fuel. PAW emphasized that heating oils of the distillate type—the kind used in home heating—continue to be short, and that there should be no relaxation in efforts to conserve that product. There is every prospect, the announcement said, that the shortage of home heating oils will continue, because, with the increasing amount of each barrel of crude that must go into petroleum war products, it is not possible to expand, materially, the volume of distillate.

Administrator Ickes said that the industrial fuel-oil situation has eased sufficiently so that now enough oil is available to meet the present requirements of consumers.

Deputy Administrator Ralph K. Davies pointed out that while conversions now in progress may be suspended, it must be understood that, if the industrial fuel-oil situation should again become critical, these plants would be called upon to complete their conversions and burn substitute fuel.

Consumers who desire to suspend conversions now in progress are requested to inform the PAW Marketing Director for the district in which the plant is located.

The 17 East Coast States affected are Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Delaware, Pennsylvania, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, and Florida.

The 15 Midwestern States are Ohio, Kentucky, Tennessee, Indiana, Michigan, Illinois, Wisconsin, Minnesota, Iowa, Missouri, Oklahoma, Kansas, Nebraska, South Dakota, and North Dakota.

President Tells CIO "New Demands" To Stabilize Employment To Be Made

President Roosevelt, in a message to the sixth annual convention of the Congress of Industrial Organizations in Philadelphia, said on Nov. 1 that "new demands" will soon be made on labor to stabilize workers in their present jobs, since it is vital "both to the war effort and to the maintaining of reasonable balance in the cost of living."

The President's letter, addressed to Philip Murray, President of the CIO, follows:

"Dear Mr. Murray:

"I have received your invitation to attend and address the sixth annual convention of the Congress of Industrial Organizations at Philadelphia on Nov. 1. I regret exceedingly that heavy responsibilities, which I know you fully appreciate, will prevent me from accepting the invitation and being with you.

"Please extend to the officers and members of the Congress of Industrial Organizations my greetings and good wishes upon the occasion of their convention. I and others responsible for the conduct of the war are gratified that the work performed by American wage earners in the manufacture and delivery of the munitions and implements of war is being felt on every part of the battlefront. The effort has been splendid and the skill, speed and capacity for co-operation have made an industrial output which has never been equaled before.

"I am appreciative also of the participation of American workers in every aspect of the war effort, as well as in that most important part which they take on the production lines. They have made a splendid contribution through purchases of war bonds, both out of their union treasuries and by their individual purchases. They have made an adaptation of civilian life to the needs of war with sincere purpose to endure in good spirit the inconveniences made necessary by the war. The morale of American workers has been good. To those of your officers and members who have contributed to this good performance and this high morale, I wish to express my thanks and at the same time to urge a continuation of the drive to maintain existing production levels and even to increase those levels in some instances. Every effort is being made by the government to hold down the prices of those items in the budgets of working people which are essential to health and decent comfort and for this the co-operation of your members will be needed.

"We are reaching the period when new demands will be made upon labor to set aside personal preferences in favor of the necessities of the country. In times of peace the great mobility of American labor has been one of the items of which we have been proud. In the beginning of the war effort this habit of mobility was undoubtedly of the greatest use in enabling remote plants and shipyards to recruit the necessary labor for the enormously extended program. Today we have reached the point, however, when it is essential to stabilize the personnel and employment around any given plant, to reduce the turnover and to keep the same people at the same job so far as is humanly possible. This will often mean considerable sacrifice to individuals, but this is the kind of effort which will be asked and which I know will be delivered by the workers of America once they understand how vital it is both to the war effort and to the maintaining of reasonable balance in the cost of living.

"I invite and expect your continued active support and co-operation in the fulfillment of the no-strike pledge of American labor, in the increasing effort in production, in stabilizing wages to balance our economy and in financial and moral contribution to the direct war effort until every need is met, every battle fought, until victory is won and the peace established.

"With best wishes for constructive deliberations in your convention. I am,

"Very sincerely yours,

"FRANKLIN D. ROOSEVELT."

Senate Group Favors Bill For Bond "Ads"

A bill authorizing the Treasury to spend up to $30,000,000 annually for war bond advertising in newspapers was approved on Oct. 26 by the Senate Banking and Currency Committee by a vote of 11 to 5.

The bill, sponsored by Senator Bankhead (Dem., Ala.), authorizes and directs the Secretary of the Treasury to place between $25,000,000 and $30,000,000 of war-bond advertising in newspapers before this fiscal year ends next June 30. It provides that half this sum be spent with daily, weekly, semi-weekly and thrice-weekly newspapers published in towns of 10,000 population or less, and half in newspapers of cities over 10,000. The bill also requires that the government pay each paper's prevailing published advertising rate.

The bill describes its purpose as "to provide for the more effective use of idle currency in aid of the stabilization program and the war effort" and to stimulate the sale of war bonds. At the Committee's hearings small papers generally supported the bill and larger ones opposed it.

Secretary of the Treasury Morgenthau it is stated opposes enactment of the legislation contending that it would be "opening the road toward government subsidy of the press". Mr. Morgenthau prefers the present system of stimulating bond sales through voluntary advertising sponsored by private business concerns.

Coal Strike Virtually Settled—Government Again Operating Mines

The coal miners who had gone out on strike beginning at midnight on Oct. 31, the expiration date of the coal truce declared last June by John L. Lewis, President of the United Mine Workers of America, were practically all back at their jobs on Nov. 7, following the taking over of the mines by the Government by executive order dated Nov. 1, and the approval of the National War Labor Board on Nov. 5 of the agreement reached by Harold L. Ickes, Secretary of the Interior, and Mr. Lewis, which provides for daily earnings of $8.50, an increase of $1.50 over the old contract. The work day is also extended one full hour of work each day.

In his notification to the presidents of the coal mining companies which produce 50 tons or more a day, Mr. Ickes on Nov. 2 announced that he had taken possession of their properties under instruction from President Roosevelt with "the primary object" of maintaining full production of coal "for the effective prosecution of the war." Mr. Ickes invoked regulations under which the Government previously took posession of the mines at the time of a general stoppage in May.

Continued High Wage Structure After War Looked For By Zelomek

Organized Labor Expected To Play More Active Part At Polls

"A considerable part of the war-time upward shift of the American wage structure will be maintained after the war," according to a primary conclusion of the October issue of the INTERNATIONAL POST-WAR SERVICE edited by A. W. Zelomek, President of the International Statistical Bureau, Inc., just made available. In a study entitled "Labor in the American Economy" the Service predicts that during the first three to five years after the war "the number of families in the income brackets $3,000 to $5,000 a year will be closer to the current 24% than to the 12% in 1935-36."

Organized labor, the study asserts, will reverse its traditional hands-off-politics policy and seek more and more to wield deliberately organized influence at the polls as well as in the factories. The study further finds:

"There will be no merger of CIO and AFL, although the two groups may indulge in a limited amount of coordinated activity. Jurisdictional as well as purely labor-management disputes will continue to provide causes for strikes. But in a few industries, where management regards cordial relations with organized labor as the norm and where dominant labor organizations are as responsible and representative as they are powerful, general industry problems will come to be the joint concern of labor and management representatives."

"Labor-management committees during the war," the study says, "as well as the New York ladies garment industry before it, have demonstrated the possibilities of such cooperation."

Employment levels, it is estimated, will fluctuate at around 50 million, with unemployment in the three to five years following the transition period at about 5 million. This it is noted, compares with current civilian employment of 52 to 54 million and unemployment of about 1 million. The average factory work week will drop sharply from the current 45 hours to about 35 hours during the reconversion period and then will climb slowly back to 37 or 38 hours as durable goods industries resume normal peacetime production. In the announcement as to study it is added.

"These predictions are based upon an assumption of high business activity for several years after the reconversion, business activity that will be stimulated by foreign demand for American goods and services, by a backlog of consumer savings and consumer demand for durable goods, by industrial needs for new equipment, and by the growth and development of new industries and new industrial techniques. The domestic market will be stimulated by the high wage structure as well as by the accumulation of savings." "Producers now realize," Mr. Zelomek writes in an editorial for the study, "that their relation to the national wage level is that of sellers to American wage earners and their families as well as of employers of American workers."

The October INTERNATIONAL POST-WAR SERVICE also carries an article on "International Post-War Relations" in which it is predicted that exports on a commercial basis will supersede relief exports and Lend-Lease at an early date. In a section on Russo-United States relations it is pointed out that during Russia's early reconstruction period that country will be in need of heavy agricultural imports from the United States.

Anti-Discriminatory Clauses In Government Contracts Are Mandatory: FDR

President Roosevelt directed on Nov. 6 that all contracts with the Government must contain anti-race-discrimination clauses, thus overruling an opinion by Controller General Lindsay C. Warren that the requirement was "directive" rather than "mandatory."

In reporting this action, a Washington dispatch of Nov. 6 to the New York "Times" further said:

"I realize the hesitancy of the Controller General to withhold payments on Government contracts in which these provisions have not been included where there is doubt as to wether the order is mandatory," the President said in a letter to Attorney General Francis Biddle.

"I therefore wish to make it perfectly clear," the President added, "that these provisions are mandatory and should be incorporated in all Government contracts. The order should be so construed by all Government contracting agencies."

Stephen T. Early, the President's press Secretary, said he believed this "clears it up once and for all."

The Controller General's opinion was given recently in a case in which the Southwestern Bell Telephone Co. of Kansas City, Mo., refused to execute a contract containing a clause forbidding discrimination against workers because of race, color, creed or national origin. The company's attitude, Mr. Warren held, was no barrier to a contract, because the President's Executive Order (No. 9346) was only a "directive" and was not binding upon contract officers.

"There is no need for me to reiterate," the President said in his letter to Mr. Biddle, "the fundamental principles underlying the promulgation of the Executive Order—namely, that the prosecution of the war demands that we utilize fully all available manpower, and that the discrimination by war industries against persons for any of the reasons named in the order is detrimental to the prosecution of the war and is opposed to our national democratic purposes."

Senate Group To Hold Food Subsidy Hearings

The Senate Agriculture Committee will begin hearings Monday (Nov. 15) on the general question of food subsidies and farm prices, it was announced Nov. 8 by Senator Smith (Dem., S. C.), Chairman of the Committee.

According to the Associated Press, Chairman Smith said State Commissioners of Agriculture and spokesmen for farm organizations will testify in connection with President Roosevelt's recent request to Congress for the authorization of additional food subsidies to be paid through the Commodity Credit Corporation.

"In view of the fact that the subsidies have caused such a furor in the food production field," Mr. Smith said, "we feel that hearing these producers might shed a more factual light on future legislation concerning the continuance of the Commodity Credit Corporation and at the same time investigate the status of food subsidies as pertained to farm industry."

The House Banking and Currency Committee voted 16 to 10 on Oct. 14 to extend the life of the CCC to June 30, 1945 but banned all present and future subsidies after Jan. 1. A majority of the Committee also denied the CCC's request for a $500,000,000 increase in its borrowing authority. (These actions were reported in our Oct. 21 issue, page 1615). On Nov. 8, a group of eight Democrats of the Committee, who were in the minority vote on the legislation, contended that subsidies were the sole hope for keeping a hold on living costs while still encouraging vital food production. In its formal report the group said:

"The only protection against increased wages is the maintenance of the present price structure. If prices are increased, demands for increased wages will follow immediately.

"The use of subsidies is not desirable and should be restricted both as to amount and as to scope. Subsidies are, however, a weapon against inflation, and although undesirable are vastly preferable to an inflated economy."

The President's special message to Congress, calling for increased subsidy funds over the $800,000,000 expenditure for this year, was referred to in these columns Nov. 4, page 1805.

$2 Billion Tax Bill Nears House Floor

The House Ways and Means Committee was expected to report to the House today (Nov. 11) its new general revenue bill providing about $2,000,000,000 in additional taxes, against an Administration request for $10,500,000. Debate on the measure will probably get under way next week. Final Committee action on the tax bill was delayed pending the report of a sub-committee studying possible modifications of the law regulating the renegotiation of war contracts.

The principal actions by the Committee during the past week were the reconsideration of various rises in postal rates and restoring the liquor levy to $10 a gallon. On Nov. 6 the House group rescinded its previous action doubling the the second-class postage rate and left it at the present level of one cent on each two ounces. With respect to the liquor levy the Committee reversed itself again on Nov. 8 when it decided to change the rate on liquor in the new bill to $10 a gallon. This rate had been recommended by the Treasury and tentatively approved by the group but was later cut back to $8 a gallon. The present tax on distilled spirits is $6.

In United Press Washington advices of Nov. 7, the following was reported:

The tax bill as now constituted is composed of $600,000,000 in higher corporate excess profits taxes and about $1,500,000,000 in greater excises on liquor, transportation, postage, communications, toilet preparations, furs, luggage and other luxuries.

In addition, it provides for integration of the existing Victory tax and the normal income tax with a new combined basic rate of 10%. It stipulates that the earned-income credit shall be eliminated and that Federal excises heretofore taken as personal income-tax deductions can no longer be subtracted in computing obligations.

Finally, it provides that organizations not subject to taxation, such as labor unions and national groups like the American Legion, must file returns whether or not they pay taxes.

A previous item regarding Committee tax action was given in these columns Nov. 4, page 1804.

From Washington

(Continued from first page)

manifestly these gentlemen are very much concerned in what is to be done with this Government investment. The power lies therein for the Government to move right in to completely dominate private industry; in its handling of its plant holdings, in its handling of approximately $60 billion of surplus materials (if the war were to end today) and in its handling of the cancelled war contracts.

Jesse Jones recently said:

"If there ever was a question which must be settled in the national interest, it is the future utilization of this vast new industrial empire."

Whereupon, the President ordered Jimmy Byrnes to take over the reconversion program, and Jimmy turned it over to Baruch, and they overtop an agency which Jesse had working on the program. Jesse's agency is known as the Committee for Economic Development headed by Paul Gray Hoffman, president of the Studebaker Corporation, with an imposing list of industrialists serving with him.

Why the new agency? Inasmuch as Jesse is the head of the various agencies which own three fourths of the war plant structure, you would think he would be the very one to handle the question of its disposition. Not so.

Now, no well informed person would seriously call Baruch a radical. But the fact is that he is 73 years old, he is hard of hearing, and he can't possibly do, and would not claim to do the work that is flamboyantly being assigned to him these days. He pays ambitious youngsters of very skeptical ideas about the capitalistic system; indeeed, they are the typical young New Deal type, to do the work for him. These young men are very clever and we can show you evidences of their cleverness in the so-called Baruch rubber report.

Another thing, it is intended as no disparagement of him, to say that he has become terribly beaten down in his long campaign to get into the Second World War pictures. Running around now with Harry Hopkins and Byrnes he is happy as he can be in his feeling of rendering service. But the old gentleman is not the authority he was in the first World War; he is not in a position to forthrightly present his ideas and stick to them. He has a horror that the New Dealers will again turn their wrath upon him. Things can easily be put over on him these days. Sometimes we are inclined to think most of Washington officialdom is resting up at his place and at his expense down in South Carolina.

But his name on a product means something. It breeds confidence. Yet he is up against the proposition of leaning over backwards to appear "liberal." He will show the young New Dealers they were all wrong in thinking him to be a despised "reactionary." We can't imagine his opposing Hopkins or Mr. Roosevelt on anything.

The very fact that Mr. Roosevelt directed Byrnes to take over the reconversion program, we think, means that he intends to keep it within his little closely knit group. And that is very ominous, indeed. The fact that one so esteemed as Baruch is to deal directly with the job doesn't mean a thing in the world.

The greatest laugh to come from the Republican victories a week ago, we think, was the excitement caused in the Willkie camp. At least there were a couple of his emissaries around Washington who felt no enthusiasm at all. They almost got hysterical trying to convince their auditors that the great danger of the victories was that the Republicans would now get "complacent" and not give the attention they should to the selection of their candidate.

Their point, not very thinly disguised, was that the Republicans might now get "over-confident" and think they can win with someone other than him. They almost burst blood vessels expounding their proposition.

The next two or three weeks are likely to see a succession of favorite son candidates for the Republican Presidential nomination: Representative Dirksen of Illinois, Governor Warren of California, for example. The Californian will very likely develop into much more formidable proportions before the convention is held. He is a good long range bet for the nomination itself.

At last accounts, Bricker is having difficulty making up his mind what to do, run for governor again or announce for the Presidency. We had understood he had definitely got substantial financial backing and was all set to go for the Presidency. At this writing, however, he hasn't taken the plunge and we understand the matter has reverted to the doubtful stage.

Commerce & Industry Ass'n Forms Industrial Relations Bureau

An Industrial Relations Division has been created as one of the service departments of the Commerce and Industry Association of New York in order to answer thousands of questions of employers now, and which undoubtedly will increase and become more difficult in the post-war era, it was announced on Oct. 31 by Thomas Jefferson Miley, Secretary of the Association.

Currently pressing questions center around wage stabilization, manpower demands, War Labor Board policies and collective bargaining practices. In the post-war period, an entirely new crop of problems will arise out of reconversion of plants and relocation of demilitarized personnel, and the return to normal pursuits of vast numbers of persons called into wartime activity from the home, Mr. Miley said.

It was announced that Thomas E. Kerwin, labor lawyer of the firm of Breed, Abbott & Morgan, will act as Chairman of the Industrial Relations Committee.

Other members of the Committee are: A. E. Budell, President, Industrial Engineering Co.; Herbert L. Carpenter, President, Carpenter Container Corp.; Herman Chopak, President, Chopak Textile Co.; M. J. Delehanty, President, Delcraft Manufacturing Corp.; John K. Fitch, President, Francis Emory Fitch, Inc.; William Krug, President, Krug Electric Co., Inc.; Clarence L. Law, Vice-President, Consolidated Edison Co. of New York, Inc.; Arthur McKeever, Secretary, Merchant Truckmen's Bureau of N. Y.; Albert R. Rohrer, Acorn Employment Service; P. Sobin, Secretary, Carolyn Laundry; Martin Sweeny, President, Hotel Association of New York City; Harry M. Tillinghast, President, R. Hoe & Co., Inc; William F. Weber, Secretary, Burroughs Wellcome & Co., and Francis L. Whitmarsh, President, Francis H. Leggett & Co.

In his announcement, Secretary Miley said:

"The Industrial Relations Division will assist employers, faced with labor problems, by holding a semi-weekly series of small-group working sessions designed to take the practical problem of each member attending and shape for him a workable classification, evaluation and rating scheme. These meetings will be held in the Association's Assembly Room, 233 Broadway."

ABA Gets $2 Million Annual Insurance Premium Reduction For Banks

A new reduction of more than $2,000,000 annually in premium costs to banks for bankers' blanket bonds has been obtained for the nation's banks by the Insurance and Protective Committee of the American Bankers Association, it was announced on Nov. 3. The new reduction is effective as of Nov. 1, 1943, and brings total reductions obtained since 1936 by the Association for several types of bankers insurance contracts to $9,500,000 annually. In making this known the ABA said:

"Announcement of the latest reduction in blanket bond premiums follows two months of negotiations between the Association and the surety companies' rating bureau, in which the ABA urged substantial increases in the schedule of 'percentage credits' used since 1941 in the experience rating of each bank. Following the negotiations, the rating bureau and the surety companies granted the increase in experience rating credits, with the result that credits allowed the banks are doubled, and at their maximum now amount to 40% of the established premium rates. Because of this doubling of experience rating credits, the savings accruing to all banks on their blanket bond premiums will aggregate more than $2,000,000 a year. Only comparatively few banks with unsatisfactory loss ratios will not benefit from the higher credits, until such time as their loss experience improves.

"More than 90% of the banks in this country carry blanket bonds, and since experience rating on these bonds places an attractive premium on prevention of loss," both the ABA and the rating bureau favored "expansion of experience rating and strengthening of its influence toward sound management of banks," according to James E. Baum, Deputy Manager of the ABA in charge of the Insurance and Protective Committee's activities, who described the latest rate reduction in the November issue of the Association's Protective Bulletin.

"The higher experience credits effective Nov. 1 will apply to the premiums paid for continuing bankers blanket bonds on their next anniversary dates and also pro rata refunds reflecting the increased credits will be made for the period from Nov. 1, 1943 to the next anniversary dates of the bonds," Mr. Baum continued.

"Payments of these refunds to insured banks will be deferred, however, until the next anniversary dates, except as to those banks which desire to increase the amount of their blanket bonds or broaden their coverage or both. In such cases the pro rata refund may be applied to the charge for the higher amount or broadened coverage.

"Adoption of the new experience credit schedule offers annual savings of at least another $2,000,000 to the commercial banks and trust companies, plus $70,000 or more for the mutual savings banks. These are recurring, annual savings in the cost of bankers blanket bonds alone. When added to previous reductions effected in 1936, 1937, 1938, 1939, 1940 and 1941 and aggregating more than $7,100,000 on blanket bond premiums, plus $400,000 in the rates for fidelity schedule and forged securities bonds and burglary and robbery policies, this latest reduction builds the amount to a grand total of more than $9,500,000 of annual savings in the costs of protection under these several forms of bank insurance contracts.

"The current year marks the close of a decade in which the average loss ratios under these contracts have been consistently favorable. This reflects a marked improvement compared with the experience during the ten years prior to 1934. A major share of the credit for this gratifying change, of course, is due the banks without whose help in helping themselves to better measures of prevention these reductions would have been impossible."

Supreme Court To Review OPA Price Regulations Also To Pass On Question Of Utility Rates

The intention of the U. S. Supreme Court to rule on the constitutionality of war-time price-fixing regulations of the Government was made known by the court on Nov. 8. From Washington Associated Press advices we quote:

"The price regulations administered by the Office of Price Administration were challenged by two Boston meat dealers, Benjamin Rottenberg and Albert Yakus, who were convicted and sentenced to imprisonment on charges of violating OPA maximum wholesale prices on beef.

"Mr. Yakus and Mr. Rottenberg contended that the emergency price-control act represents an unconstitutional delegation of Congressional powers. The first Federal Circuit Court ruled, however, that Congress may control prices as part of a war-time program to prevent inflation."

The Supreme Court also on Nov. 8, in another action, which it is pointed out, may affect efforts to control living costs, agreed to review litigation which the Justice Department said involved the question whether public utility rate increases should be denied as inflationary unless the increases are "clearly" shown to be necessary.

As to this action, the Associated Press had the following to say:

"The public utility rate increase involves an order of the Public Utilities Commission of the District of Columbia permitting the Washington Gas Light Co. to increase its rates $200,000 annually. The Commission declared the increase was granted under a sliding scale formula after full consideration of war-time factors, including wage increases.

"The Justice Department, intervening for Fred M. Vinson, Economic Stabilization Director, and the OPA, appealed from a lower court decision upholding the commission's action. Solicitor General Charles Fahy asserted the company was already earning a net of 5% and contended that effective stabilization is possible only if all increases in utility rates, as well as in prices and wages, are denied unless the increases are absolutely necessary."

Result Of Treasury Bill Offerings

Secretary of the Treasury Morgenthau announced on Nov. 8 that the tenders for $1,000,000,000 of 90-day Treasury bills to be dated Nov. 12, 1943, and to mature Feb. 10, 1944, which were offered on Nov. 5, were opened at Federal Reserve Banks on Nov. 8.

Details of the issue follow:

Total applied for	$1,247,105,000
Total accepted	1,004,665,000

(including $75,587,000 entered on a fixed-price basis at 99.905 and accepted in full).

Range of accepted bids:

High, 99.915. Equivalent rate of discount approximately 0.340% per annum.

Low, 99,906. Equivalent rate of discount approximately 0.376% per annum.

Average price, 99.906+. Equivalent rate of discount approximately 0.3757% per annum.

(90% of the amount bid for at the low price was accepted.)

There was a maturity of a $994,658,000 bill issue on Nov. 12.

Regarding the Oct. 29 offering of $1,000,000,000 of 91-day bills, dated Nov. 4, 1943, and maturing Feb. 3, 1944, the Treasury Department revealed the following results on Nov. 1:

Total applied for	$1,142,651,000
Total accepted	1,002,628,000

(includes $67,409,000 entered on a fixed-price basis at 99.905 and accepted in full).

Range of accepted bids:

High, 99.915. Equivalent rate of discount approximately 0.336% per annum.

Low, 99.905. Equivalent rate of discount approximately 0.376% per annum.

Average price, 99.905+. Equivalent rate of discount approximately 0.375% per annum.

(98% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Nov. 4 in amount of $1,005,832,000

With respect to the $1,000,000,000 issue of 91-day bills, dated Oct. 28 and maturing Jan. 27, 1944, which were offered on Oct. 22, the Treasury reports the following details:

Total applied for	$1,286,529,000
Total accepted	1,008,064,000

(includes $67,771,000 entered on a fixed-price basis of 99.905 and accepted in full).

Range of accepted bids:

High, 99.915. Equivalent rate of discount approximately 0.036% per annum.

Low, 99.905. Equivalent rate of discount approximately 0.376% per annum.

Average price, 99.905+. Equivalent rate of discount approximately 0.375% per annum.

(82% of the amount bid for at the low price was accepted.)

There was a maturity of $1,002,817,000 of bills on Oct. 28.

FHLB Savs.-Loan Units Double War Loan Goal

Savings and loan associations and other home financing institutions of the Federal Home Loan Bank System more than doubled the goal originally set for them in the Third War Loan drive, James Twohy, Governor of the Bank System announced on Oct. 30. Mr. Twohy stated that sales of war bonds to the public and investments of their own funds will total $600,000,000 during the period of the drive, while another $100,000,000 will go to their credit on the Treasury's records as the result of war bond purchases by the Federal Savings and Loan Insurance Corporation. He added:

"The performance of these institutions can be measured by the fact that their war bond sales and purchases in a month's time are equal to 11½% of their total assets. They contributed to the leadership of the Third War Loan in the 2,000 cities and towns they serve and a preliminary check indicates they far exceeded the quotas set for savings and loan associations in every State in the country."

Governor Twohy gave a major share of the credit to John L. Conner of Atlanta, Ga., drafted as an assistant to the Governor to "spark" the drive and the hundreds of savings and loan leaders who met and cooperated with Mr. Connor on a 25,000 mile trip by airplane to key communities in every section of the country. With the Third War Loan results known, Mr. Conner resigned his temporary post as assistant to the governor of the Bank System and returned to Atlanta, where he is President of a savings and loan association.

Appeal To President For Cooperation By Govt. Branches In Paper Conservation

An appeal to President Roosevelt to require Government agencies to cooperate in helping to solve the newsprint shortage problem was made on Oct. 30 by Representative Boren (Dem., Okla.), Chairman of the House Committee investigating the newsprint situation. Mr. Boren said the shortage is becoming worse so rapidly "as to threaten continuation of a free press."

In Associated Press accounts it was stated.

"The cooperation received by this committee from the various agencies of government under the Executive department has not been all that might have been expected," Mr. Boren wrote the President. "While the War Manpower Commission has declared that woodcutting is an essential industry, the Selective Service has given but little aid through the extension of proper deferments to woodcutters."

Some branches of the War Production Board have cooperated fully, while others have failed to give any assistance in increasing newsprint and paper supplies through re-conversion and the use of waste paper in manufacturing processes, he further said in his letter.

His committee, he made known, had made thorough investigations in the United States and in Canada, and found that "the only element in paper production found to be lacking is the manpower in the woods to cut the pulpwood."

The committee, he said, suggested the following steps to alleviate the situation:

1. That the Selective Service give greater consideration to the deferment of skilled woodsmen.
2. That WMC provide for the return and reassignment to forests of woodcutters now working in less essential occupations.
3. The use of prisoners-of-war in pulpwood production where possible.
4. Furloughing from military service of a sufficient number of woodsmen to guarantee necessary pulpwood production.
5. Use of the President's Office in obtaining from Canada cooperation in increasing pulpwood and paper production in the Dominion.
6. A national appeal to American farmers to supply as much pulpwood as possible from their own wood lots, and to devote as much of their time as they can to the cutting of wood in near-by forests.
7. A nation-wide campaign emphasizing the need for paper conservation.
8. Expansion of the present paper salvage campaign, encouragement of American paper production and more re-conversion and use of waste paper in manufacturing newsprint.

Mr. Boren added, in his letter to the President:

"The committee is confident that with your aid and the cooperation of all branches of Government material relief can be obtained from the present shortage of newsprint and paper, and a more serious shortage can be averted."

Senator Johnson Calls Upon Democrats To Draft Gen. Marshall

Declares "New Deal" Is Through

Senator Edwin C. Johnson, Democrat of Colorado, asserted on Nov. 6 that "The 'New Deal' is through" and called upon his party to "draft" General George C. Marshall, Chief of Staff of the Army as its candidate for President, said a special dispatch to the New York "Times" from Washington on Nov. 6, which added:

In a formal statement which called the General "the man of this tragic hour!" Senator Johnson said:

"Even a child knows that a political revolution comparable to the Harding landslide is sweeping this nation. As Americans we ought to be interested in its causes and we should place country ahead of party.

"The 'New Deal' is through! If the Democratic party persists in hanging onto its dead corpse it will lose the Senate, the House and the Governors of every Northern and Western State in the next election.

"This is the time to draft men. In this grave crisis the Democratic party owes it to the people to draft Gen. Marshall for President. He is not a candidate and he will emphatically say so, but no patriotic American from George Washington down can refuse such a call.

"George Marshall is not only a very great soldier and military leader, he is a fine Christian gentleman and a statesman in the highest concept of that much abused term. He has depth and he has capacity. He is firm and he is courageous. He has tact and he has the respect and confidence of the Congress and the people regardless of party. He is the man of this tragic hour."

Hull Hails Agreement At Moscow Conference

The results of the tripartite conference of Foreign Ministers of the United States, Great Britain and Russia, were hailed by Secretary of State Hull at a press conference in Moscow on Nov. 1. The following concerning his remarks was reported in United Press Moscow advices Nov. 1:

Emphasizing the necessity in America's own interests of international collaboration now and after the war, Mr. Hull offered four essentials for United Nations welfare—security, peace, world order under international law and international economic co-operation.

Mr. Hull said that the Versailles treaty had been the greatest blunder in diplomatic history and had led to the present disaster. At the conference just concluded, he said, three great powers had set up machinery to insure the closest co-operation among themselves, with the idea that others would be drawn in eventually.

There would be no attempt, he said, to run Europe or to impose dictates on other countries. His idea was that it was easier for the three major powers to lead the way toward international co-operation than to leave leadership to a debating society on League of Nations lines.

Secretary Hull spoke at length of American isolationists and made plain his view that, clinging to outworn slogans, they had seriously hampered the national defense. It was only with difficulty, he said, that before Pearl Harbor the draft act was passed. Since then, he said, serious-thinking Americans had realized that the world would drift again into a state of attempted suicide unless appropriate measures were taken.

Before this conference, Mr. Hull said, some people were convinced that it would be fruitless, that Russia could not be induced to join in a far-reaching plan for post-war co-operation. But, he said, he had found Russian statesmen ready and more than ready, after thorough study, to move toward United Nations solidarity.

The Moscow declarations were given in our issue of Nov. 4, page 1799.

Leaving Money In Trust

(Continued from first page)

put 10% of their money into "venture capital."

We should encourage thrift and the best way to encourage thrift is to give a fair interest rate to those who will save. Interest is merely a wage paid for sacrifice and saving. The Administration at Washington, however, is apparently following a direct opposite program. It has forbidden banks to pay interest on current deposits; and it has beaten down the interest rates on government bonds. The high tax rates have forced the prices of municipal bonds to sky-high figures so that thrifty people can no longer afford to buy these. While the farmers are demanding a floor for farm prices, the widows and orphans of the country should have a lobby and get a floor under interest rates.

What Can We Do?

The most honest and safe method of getting security for old age is by saving money and taking care of it either directly oneself or by putting it into a revokable trust fund. The present Social Security program of the U. S. Government is questionable. Why? Because the money which is taken out of your pay envelope every week is not "saved" for you by Washington, but is spent by the government which gives you only a credit on its books. When you get old the government may be obliged to print new money in order to pay you. How much these new greenbacks will then be worth is a question.

Another thing you can do is this: When making a new trust for your family or relatives, insist that the money shall be invested in securities netting at least 4% or 2% above the current rate for U. S. Government bonds maturing after 20 years. I think you will find banks willing to take trusts under these conditions **provided you agree that they shall not be held liable for losses by following such a policy.** You should also stipulate that you will look to the bank only for the total valuation of your trust account allowing the bank to use profits to balance losses which, under present legislation, often cannot be done.

Market Transactions In Govts. For Sept.

During the month of September, 1943, market transactions in direct and guaranteed securities of the Government for Treasury Investment and other accounts resulted in net sales of $2,651,600, the Treasury Department announced on Oct. 15. This compares with net sales of $15,800,000 in August.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:

1941—		
September	$2,500	sold
October	200.000	sold
November	No sales or	purchases
December	$60,004,000	purchased
1942—		
January	$520,700	sold
February	29,980,000	purchased
March	5,814,450	purchased
April	300,000	purchased
May	16,625	purchased
June	250,000	sold
July	2,295,000	sold
August	8,446,000	sold
September	4,500 000	sold
October	1,000,800	sold
November	No sales or	purchases
December	No sales or	purchases
1943—		
January	$14,500,000	sold
February	90.300,000	sold
March	72,927,750	sold
April	400,000	purchased
May	35,200,000	sold
June	145,768,000	sold
July	67,757,200	sold
August	15,800,000	sold
September	2,651,600	sold

44 Nations Sign Relief & Rehabilitation Pact—Pres. Hails Common Desire To Aid Axis Victims

Representatives of 44 countries—the United Nations and those associated with them—signed an agreement at the White House on Nov. 9, under which the United Nations' Relief and Rehabilitation Administration is created with the objective of jointly aiding the populations of liberated areas from suffering and to help them resume their economic activities.

President Roosevelt, who signed the pact for the United States, gave a brief talk at the conclusion of the ceremony, asserting that the agreement, coupled with the recent Moscow Declarations, "shows that we mean business in this war in a political and humanitarian sense, just as surely as we mean business in a military sense." The President added that "it is one more strong link joining the United Nations and their associates in facing problems of mutual need and mutual interest" and said the agreement, covering approximately 80% of the world's population, represents a common determination "to build for the future a world of decency and security, and, above all, peace." With each nation cooperating according to its own individual resources, Mr. Roosevelt explained that it will be the task of UNRRA to operate in those areas of food shortages to assure a fair distribution and to ward off starvation.

The representatives of the 44 nations held their first formal conference at Atlantic City, N. J., on Nov. 10, taking the initial steps towards accomplishing their relief task.

In his address the President said:

"The sufferings of the little men and women who have been ground under the Axis heel can be relieved only if we utilize the production of all the world to balance the wants of all the world. In UNRRA we have devised a mechanism, based on the processes of true democracy, which can go far toward accomplishment of such an objective in the days and months of desperate emergency which will follow the overthrow of the Axis."

The revised draft of the agreement setting up the UNRRA was referred to in these columns Oct. 14, page 1517.

Nationwide Civilian Consumer Survey Begun For OCR By Census Bureau

A nationwide consumer survey for the Office of Civilian Requirements was started on Nov. 7 by the Bureau of the Census when census enumerators began visiting 7,000 households to ask civilians about the availability of 115 types of goods and services used in homes and on farms.

The survey is designed as a scientific cross-section of the entire United States, embracing, in proportion, every geographic area, every income group and every type of worker. The farm survey will include not only every sized farm operation and every income group, but will be divided by crops according to relative size.

This national sample, Arthur D. Whiteside, Vice-Chairman of War Production Board said on Nov 4, is the culmination of a series of "spot check" surveys OCR has conducted in various sections of the country to determine conditions in specific areas and about specific products. The information obtained in the national survey will be collected and analyzed to find the answers to these questions:

"1. To what extent are shortages and other consumer problems causing actual hardship?

"2. What products now in short supply are most needed by the civilian population, and is the lack of any specific item so seriously affecting health and morale as to interfere with the productive efficiency of war workers, farmers and other civilians?

"3. Is the available supply of consumer goods being distributed fairly?

"4. What is the quantity of durable goods such as electric irons and washing machines now in the hands of consumers and what condition are they in?"

The announcement added:

"As a result of these studies, OCR will have factual information from consumers for use in carrying out its function of maintaining an adequate supply of necessary civilian goods and services within the limit set by the war demand for manpower, manufacturing facilities and materials.

"This survey and others to follow are being carried out by the Civilian Relations Divisions of OCR, under the directorship of Austin Grimshaw, who is on leave from his position as Assistant Professor of industrial management at Harvard Business School."

Illinois Bank Groups Elect New Officers

At the recent Group meetings of the Illinois Bankers Association, the odd-numbered Groups elected officers for a term of two years.

The newly elected Group officers are:

Group One: President—George Slight, Harris Trust & Savings Bank, Chicago; Vice-President—C. A. Beutel, South East National Bank, Chicago; Secretary—Forba McDaniel, 105 West Monroe Street, Chicago; Treasurer — Frank C. Rathje, Chicago City Bank and Trust Co., Chicago.

Group Three: President — Clifford Danielson, National Bank & Trust Co., Sycamore; Vice-President — Redmond J. Dwyer, First National Bank of Mundelein; Secretary-Treasurer—Glen C. Simpson, State Bank of St. Charles, St. Charles.

Group Five: President — Earl Grigsby, Farmers State Bank, Pittsfield; First Vice-President—Loren W. Myers, Mendon State Bank, Mendon; Second Vice-President—W. W. M. Davis, Litchfield Bank & Trust Co., Litchfield; Secretary - Treasurer — Wm. A. Schneeberg, First National Bank of Nokomis, Nokomis.

Group Seven: President—Edgar D. Morrow, First State Bank, Newman; Vice-President—George L. Dehn, Effingham State Bank, Effingham; Secretary-Treasurer—H. E. Douglas, Second National Bank, Danville.

Group Nine: President — C. A. Heiligenstein, First National Bank, Belleville; Vice-President—Henry D. Karandjeff, Granite City Trust & Savings Bank, Granite City; Secretary—Okey Miller, National Stock Yards National Bank of National City, National Stock Yards; Treasurer — G. J. McCune, First National Bank in Greenville, Greenville.

Develop Program For War Contract Arbitration, N. Y. Chamber Urges

A report on "Arbitration of War Contracts," made public on Oct. 31 by the Chamber of Commerce of the State of New York, urged that the Committee on Arbitration of which Charles L. Bernheimer is Chairman, be authorized to seek the cooperation of other interested organizations in formulating for Government consideration a unified program to be followed in dealing with:

"(a) Disputes arising out of cancellation or termination of war contracts on which the contracting parties fail to reach agreement.

"(b) The desirability of prompt payment to contractors.

"(c) The adoption of necessary legislation to give the various departments of government adequate powers to deal with all such phases of the problem."

The report points out that at the conclusion of World War I cancellation of war contracts was equivalent to approximately one-quarter of all contracts completed and around 40,000 claims amounting to about $5,000,000,000 were presented.

The report states that "when it is considered that World War II program runs to $240,000,000,000 and the annual production schedule to nearly $100,000,000,000, it is safe to say that at least $25,000,000,000 of contracts may be cancelled at the end of this war."

The belief is expressed in the report that "for speed, which is so essential," direct negotiations by the procurement offices and the contractor were best, but in cases where such negotiations failed it held that the principle of arbitration and the determination of such issues by impartial boards should be followed. The report adds:

"The need of the moment is a 'united front.' All the interested organizations of business men and labor should be brought together in support of a simple 'charter' of principles, one of which will be the accepted principle of fair arbitration of disputes. In addition to this principle, there is the obvious need of getting the country back on a sound business basis, and in this connection seeing to it that business men are provided with the necessary advances of cash on terminated contracts so that they can promptly meet their obligations to subcontractors and can furnish employment to the workers in their shops. This means that all phases of the problem should be brought together in a common program."

The report also said that "since Labor recognizes the importance of keeping industry going following the ending of the war, it has a large stake in the quick settlement of disputes following the termination of contracts. We believe it is ready to join in the movement to secure the establishment of impartial arbitrational machinery to settle the cases where the parties cannot agree."

Six months before Pearl Harbor—at its meeting on June 5, 1941, and again at the Oct. 1, 1942, meeting, the Chamber called public attention to the serious problems which industry would face following the termination of war contracts by Government departments and stressed the importance of immediate preparation for setting up machinery for the just settlement of claims.

The report was approved at the monthly meeting of the Chamber on Nov. 4.

Kemp Urges U. S. Defend Itself In Post-War International Commerce

The United States must defend itself in international commerce in making the fast transit which is going to become necessary in the post-war period, A. N. Kemp, President of American Airlines, told members of the Chamber of Commerce of the State of New York at their monthly meeting on Nov. 4.

Pointing out that England, Italy, Portugal and Spain had not become great nations in the past through any internal wealth of their own, but through reaching out over the lanes of the sea to the riches of the world and bringing them home, Mr. Kemp said:

"We, of course, have internal wealth and are rich at home. We are the people who will help feed the world and will be carrying our riches to the rest of the world and we are going to have an exchange with other nations. What are we going to do in the way of meeting competition and going out to protect our own interest in Europe, Africa, Asia, South America and the rest of the globe?

"Of course the Government is deeply interested in this international operation, and there have been three theories as to the operation of airlines in the post-war period internationally. Those of us who favor controlled competition believe that, since it has proved so successful and has helped so in the development of air transportation within our own country, it should be maintained. We believe that monopoly is heading right up for that anathema of Government ownership."

Mr. Kemp, who was introduced as "Skipper" Kemp by Frederick E. Hasler, President of the Chamber, who presided at the meeting, said later in the course of his remarks: "The day is coming when air transportation is going to be on trial and the Government will decide if the American system founded on free enterprise is going to continue and develop, or if we are going to have something else."

Declares Congress Should Be Considered As A Full Time Job

Beardsley Ruml, Chairman of the Federal Reserve Bank of New York at the 15th annual Boston Conference on Distribution on Oct. 18, said that the United States must overhaul its national government in the post-war world and consider Congress a full-time job. We quote from a United Press dispatch from Boston on Oct. 18, which gave other remarks of Mr. Ruml as follows:

"I think," he said, "we must recognize that membership in Congress is the top legislative job in our very important country. . . . I think we must recognize that membership in Congress has become a full-time job, not a job that can be fitted in between crop seasons or between law cases."

Mr. Ruml, proponent of the "pay-as-you-go" income tax plan, told the business and industrial leaders they must "give due attention to our representative success and the measures and attitudes that may strengthen it."

"I think we must recognize that membership in Congres requires unusual talents of intellectual equipment, energy and courage," he said.

He believed some of the points to "shoot at" in the post-war world were—high employment and high production, maximum activity of private enterprise, an effective compensatory fiscal policy, prompt tax reduction.

Urges Govt. Set Up Central Liquidation Agency To Dispose Of Property Acquired For War Effort

A principal post-war planning activity the Federal Government could undertake at this time would be creating some sound, long-range program for the orderly liquidation of the billions of dollars of property which it has acquired or is in the process of acquiring for the war effort, Herold G. Woodruff, President of Mortgage Bankers Association of America, said on Oct. 30 in a statement to members.

Mr. Woodruff stated: "The end of the war will find the government with one of the greatest real estate problems it or any other government has ever faced. It will own 10 or 15 million acres of land, all sorts of industrial plants, shipping facilities and almost every conceivable type of building. That the bulk of this will eventually find its way back into private hands seems certain, but the process will call for a most skillful real estate operation.

"A principal objective should be the creation of one central agency charged with liquidation. The countless Federal agencies and bureaus should not all be offering real estate for sale because the confusion and disruption in the market would be tremendous. It is also doubtful if provision can be made for offering properties first to the original owners. This isn't going to be possible with much of the property acquired. Equally important is the fact that property offered for sale should be scientifically appraised and inventoried before being placed on the market. This can only be done properly if one central agency is charged with recovering for the Federal Government its maximum investment."

He pointed out that he felt an undertaking of this sort is the kind of practical post-war planning that could be undertaken now and one in which government and business can work out together.

In an undertaking with such widespread ramifications as the present war program, errors are inevitable, he said, but purchasing mistakes will not be rectified by dumping properties on the market later. He cited a recent case in a Middle Western city where the government took a commendable attitude in a somewhat similar situation. Business interests, he explained, called to the attention of the government that valuable machine tools had been sold at scrap prices. Similar action involving billions of acquired property would be disasterous, he adds.

The bill of Congressman Carter Manasco of Alabama, Mr. Woodruff, said, represent a step in the right direction. It calls for setting up a surplus Lands and War Plant Board to act as a central liquidation agency. He said he favored the Manasco legislation.

Banking And Investment Gets The "Big" Money In Putting New York War Bond Drive Over

The Banking and Investment Division is responsible for a major portion of the subscriptions which put New York City over the top with flying colors. This division not only got the "big money" from savings banks and giant corporations, it also provided the War Finance Committee with unique facilities for reaching the small buyer. Notable in this respect are the hundreds of branches of the city's banks. Through these offices, depositors and other good prospects were reached by personal contact that could not be sold in any other way.

The Banking and Investment Division represented the organized effort of the financial community—not merely the banks but also the investment dealers and member firms of the stock exchanges. Through these houses the Committee had the services of thousands of volunteers who know how to sell and who in addition are trained in financial affairs. They are consequently unusually well able to explain the investment advantages of the various securities offered by the Treasury. It has been amply demonstrated that even the "best investment in the world" requires selling knowledge.

The amount of dollar sales turned in by the Banking and Investment Division runs into the billions, and was substantially ahead of the April campaign. Several of the 17 teams, which make up the division, had sales of over half a billion.

Just as important as the dollar figures is the fact that these teams made unit sales of close to 500,000. Two of the teams each had sales of over 100,000. This division, therefore, served the valuable function of obtaining broad coverage as much desired by our government. The bank-dealer teams are increasing their efficiency in this respect as evidenced by the fact that in the April loan drive their unit sales had amounted to 336,000.

This huge fund-raising organization, headed by Eugene R. Black, Vice-President of the Chase National Bank, operated through 15 bank-dealer teams, representing 70 banks and about 450 investment dealers and stock exchange member firms. In addition, there was a team each for 24 savings banks and 24 savings and loan associations located in Manhattan and the Bronx.

The savings banks contributed handsomely in putting New York City over the top in the drive. The savings banks themselves purchased large amounts of bonds for their own accounts, and in addition sold many millions through their windows to depositors and other individual buyers.

To help the closing push for small buyers, the savings banks in Manhattan and the Bronx stayed open on October 6 until 9 o'clock for the sole purpose of selling war bonds. Not since the days of the Liberty Loan drives of the first World War have the doors of the savings banks been open after regular banking hours.

The 24 savings and loan associations in Manhattan sold 90,000 bonds to a value of $2,750,000, and in addition they purchased for their own investment accounts $8,600,000. This substantially exceeded their combined quota of $5,750,000.

During the drive a special service bureau was maintained in the Banking and Investment Division to take orders for war bonds and supply information about the various securities. This service—"Call Cortlandt 7-4000"—was supervised by Frank Stanton, Vice-President of The First Boston Corp. He was assisted by a group of prominent men from financial houses who donated their time to this service. Over three thousand calls were received.

Officers of the Banking and Investment Division assisting Mr. Black in organizing and co-ordinating the work of the bank teams were E. F. Dunstan, Vice-President of the Bankers Trust Company; Harold A. Sutphen, Vice-President of J. Henry Schroder Banking Corporation; Gail Golliday, Vice-President of Bonbright & Company; Harry W. Beebe, of Harriman Ripley & Co.; Irving D. Fish of Smith, Barney & Co.; Percy M. Stewart of Kuhn, Loeb & Co.; Warner M. Kent of Ingalls & Snyder; James D. Topping of Braun, Bosworth & Co., and John M. Reily of Weeden & Co.

FDR Hails Soviet On Founding Anniversary

President Roosevelt, in a message to President Kalinin of Russia, praised on Nov. 6 the "magnificent showing the Red Army is making in the struggle against tyranny and oppression and expressed confidence that "the United Nations will overthrow the forces of aggression and establish and maintain a just, enduring peace."

Mr. Roosevelt's congratulatory message, on the 26th anniversary of the founding of the Union of Soviet Socialist Republics, follows:

"His Excellency Mikhail Kalinin, President of the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics, Moscow:

"The anniversary of the founding 26 years ago of the Union of Soviet Socialist Republics falls this year at a time when freedom-loving peoples everywhere are dealing fateful blows at the enemy who dared attempt to enslave and oppress them. On the battlefield and by the growth of co-operation and single minded purpose, the members of the United Nations are driving the forces of aggression toward irreparable defeat.

"Allow me, on this day, to congratulate you, the people and the leaders of the Soviet Union and to express the deep admiration, of myself and my countrymen, for the magnificent manner in which the Red Army has hurled back the invader. To the Red Army and people of the Soviet Union belong eternal honor and glory. They have written deathless pages of history in the struggle against tyranny and oppression. Their example and sacrifice are an inspiration to all the forces joined in the common struggle for victory.

"In a spirit of unity, made even more evident in the agreements recently concluded at Moscow, and with the strength derived from mutual understanding, confidence and active collaboration, the United Nations will overthrow the forces of aggression and establish and maintain a just, enduring peace.

"FRANKLIN D. ROOSEVELT."

Acting Secretary of State Edward R. Stettinius Jr., in a message to Foreign Commissar Molotov, extended his felicitations in the absence of Secretary Hull.

Plans For Drive On Japs Completed: FDR

President Roosevelt announced on Nov. 5 that an agreement had been made between the United States, Great Britain and China for new military operations against the Japanese.

The President said that a conference had recently been concluded in Chungking on plans for the continental campaign in the Far East. Among those participating in the talks with Generalissimo Chiang Kai-shek and his military advisers were Lieut. Gen. Joseph W. Stilwell, American commander of operations in China; Maj. Gen. Claire L. Chennault, our air commander in that theatre; Lieut. Gen. Brehon B. Somervell, chief of the Services of Supply for the United States, and Lord Louis Mountbatten, Supreme commander for the Southeast Asia area, representing the British. Mr. Roosevelt did not give any details of the meeting, except to say that Gen. Somervell had returned to this country.

N. Y. Chamber Of Commerce Says Confusion Will Result If Insurance Is Under Sherman Act

"Confusion and disorganization throughout the insurance world" will result from bringing the insurance business under the Sherman Anti-trust Act, it is maintained in a report made public on Nov. 1 by the Chamber of Commerce of the State of New York.

Drawn by the Committee on Insurance, of which Theodore M. Riehle is Chairman, the report states:

"It is generally agreed that bringing the insurance business under the Sherman Act would leave State supervision without authority and result in confusion and disorganization throughout the insurance world. This business has long been efficiently managed by State insurance departments. The Committee believes the Chamber should memorialize Congress to protect the principle of local self government, and to legislate that nothing in the Sherman or Clayton acts should be construed as applying to the insurance business."

Pointing out that insurance is not a commodity, the report continues:

"It is now 75 years since the case of Paul vs. Virginia was decided to the effect that insurance is not interstate commerce. Insurance is not a commodity produced or manufactured; and while the Sherman Act was passed in 1890, not until 1942 had it occurred to anyone that it applied to insurance, although the premium rates, etc., have long been fixed by co-operation and accord between the insurer corporations. These rates, which are fixed according to hazards and the law of averages, are collected to pay losses and expenses."

The report will be acted upon by the members of the Chamber at the monthly meeting today, Nov. 4.

Savings The Mainstay Of War Financing

The vital part of day-to-day savings in financing the war effort again is emphasized in a study completed by the National Association of Mutual Savings Banks and made public Nov. 4. The Institutions represented, which hold almost $11,500,000,000 of deposits, belonging to 15,500,000 of depositors are the principal recipients of small savings. It is pointed out by the Association that all of these savings constitute about one-eighth of American bank deposits. Last Sept. 30, after successful conclusion of the Third War Loan, mutual savings banks had invested in Government bonds almost $6,000,000,000, something more than 46% of their assets, and about 52½% of their deposits.

"It is a most impressive fact that our institutions have been able to extend such support to the Government and to carry on their usual service for the public," said Henry Bruere, President of the Bowery Savings Bank, New York, and liaison officer for mutual savings banks of the nation and the Treasury Department. "Not only," he says, "have our institutions converted a sizable part of assets into Government securities, as a contribution to the national cause, and also have directed the inflow of current deposits into Government securities, but in the midst of thes activities have distributed more than $1,000,000,000 of War Savings Bonds direct to the public. Our institutions are continuing to organize and extend payroll savings plans and other facilities to assist the public in acquiring funds with which to buy War Savings Bonds."

The all-out effort of mutual savings banks is indicated by the fact that the increase of their holdings of Government issues during the first nine months of 1943 approached $1,400,000,000 or 30% plus above their Government portfolios of last Jan. 1. In the first nine months of the year, mutual savings deposits rose by more than $700,000,000 or 6.76% above the Jan. 1 total. Comparing the increase of Government bond holdings with the increase in deposits, the amount of money routed into Government issues was twice the amount of 1943 new deposits.

Far W. Gas Ration Cut

The Office of Price Administration on Oct. 11 announced a reduction in the value of all A, B and C gasoline ration coupons from four to three gallons each in the Far West, effective at 12:01 a. m., Oct. 12.

The area covered, previously not affected by reductions which have been necessary in the East, Middle West, and Southwest, includes the States of Washington, Oregon, California, Nevada, Idaho, Montana, Wyoming, Utah, Colorado and Arizona.

OPA's action followed establishment by the Petroleum Administration for War of the first gasoline quotas for the Far West. It results from the tremendously increased demands for military needs. These quotas fix the amount of gasoline available for civilian consumption in the Rocky Mountain and Pacific Coast areas.

Under the change, A book drivers will have a maximum of 180 miles a month instead of 240, and the maximum amount of mileage available to non-preferred users who travel in the course of work will be 480 as against the present limit of 720. However, the holder of a supplemental ration now will be expected to use only 60 miles of his A ration for occupational driving whereas he now is required to use 150 miles from his basic book for necessary driving.

OPA pointed out that A coupons now will be good for three gallons everywhere and B and C coupons good for two gallons in all parts of the country except the Far West, where they will be valid for three gallons.

War Industry Courses Offered At NYU

Nine courses designed to prepare men and women for positions of responsibility in war industry have been scheduled to start at the New York University School of Commerce, Accounts and Finance, the week of Nov. 8, it was announced Oct. 30 by Dean John T. Madden.

Sponsored by the United States Office of Education as part of its engineering, science and mangement war training (ESMWT) program, the courses are open to men and women now employed in war industry or who have prospects of being so employed. Since the cost of these courses is being borne by the Federal Government no tuition will be charged. Each of the courses will meet for two hours once a week and continue for 15 weeks.

In addition to courses in cost accounting, purchasing procedures, office management, labor relations, training will be offered in the control of wartime factory costs, the technique of conference leadership, the wartime control of materials and wartime wage-and-hour administration and stabilization.

Wholesale Commodity Index Declined 0.1% During Week Ended Oct. 30, Says Labor Dept.

The U. S. Department of Labor announced on Nov. 4 that weakening prices for certain agricultural products, particularly grains and livestock, brought the Bureau of Labor Statistics' index of commodity prices in primary markets down 0.1% during the last week of October. At 102.8% of the 1926 average, the all-commodity index is slightly lower than at the end of September and only 3% above the level for the last week of October a year ago.

The Department's announcement further said:

"**Farm Products and Foods**—Average market prices of farm products dropped 0.4% during the week to the lowest point since early in March as a result of declines of 1.8% in average prices for livestock and poultry and 1.1% for grains. Quotations were lower for wheat, barley, oats and cotton, and for cattle, sheep and hogs. Rye advanced fractionally while hay and most fresh fruits and vegetables were substantially higher.

"Led by an advance of 1.8% for fruits and vegetables, average prices for foods were up 0.2% during the last week of October. Lemons rose nearly 24%; apples at New York and Chicago and sweet potatoes, more than 10% although apples in Portland (Ore.) were down. Onions and white potatoes were up approximately 4%. Average prices for foods are now less than 2% higher than at this time last year.

"**Industrial Commodities**—Price changes in industrial commodities were limited but the markets were somewhat firmer. Quotations for turpentine continued to advance. Prices for burlap, lumber and millwork were higher as a result of OPA action. Fertilizer materials advanced seasonally and increased prices were also reported for Pennsylvania neutral oil. Lower sales realizations for electric current caused the index for fuel and lighting materials to drop 0.2%."

The following notation is made:

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for Oct. 2, 1943 and Oct. 31, 1942 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to Oct. 30, 1943 from—		
Commodity groups—	10-30 1943	10-23 1943	10-16 1943	10-2 1943	10-31 1942	10-23 1943	10-2 1943	10-31 1942
All commodities	*102.8	*102.9	*102.9	*103.0	99.7	—0.1	—0.2	+ 3.1
Farm products	122.2	122.7	122.8	123.6	109.1	—0.4	—1.1	+12.0
Foods	105.0	104.8	104.7	105.0	103.0	+0.2	0	+ 1.9
Hides and leather products	118.4	118.4	118.4	118.4	118.4	0	0	0
Textile products	97.2	97.1	97.1	97.0	96.6	+0.1	+0.2	+ 0.6
Fuel and lighting materials	81.6	81.8	81.8	81.7	79.6	—0.2	—0.1	+ 2.5
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.9	0	0	— 0.1
Building materials	112.8	112.6	112.5	112.5	110.2	+0.2	+0.3	+ 2.4
Chemicals and allied products	100.4	100.3	100.3	100.3	96.1	+0.1	+0.1	+ 4.5
Housefurnishing goods	104.2	104.2	104.2	104.2	104.1	0	0	+ 0.1
Miscellaneous commodities	92.9	92.9	92.9	93.1	88.5	0	—0.2	+ 5.0
Raw materials	111.8	112.1	112.2	112.5	102.7	—0.3	—0.6	+ 8.9
Semimanufactured articles	92.8	92.8	92.8	92.8	92.5	0	0	+ 0.3
Manufactured products	*100.3	*100.3	*100.3	*100.2	99.5	0	+0.2	+ 0.8
All commodities other than farm products	*98.6	*98.6	*98.6	*98.6	97.7	0	0	+ 0.9
All commodities other than farm products and foods	*97.5	*97.5	*97.5	*97.5	95.7	0	0	+ 1.9

*Preliminary.

Steel Production Lower—New Wage Demands Seen—Plate and Sheet Demand Still Acute

"In addition to the loss of 110,000 tons of steel, the fourth coal strike has set off spiraling wage demands which if granted may bring pressure for higher price levels and cause repercussions through a wide range of industries," "The Iron Age" states in its issue of Nov. 11, further adding in part as follows:

"Philip Murray's advance warning this week that the steel union will seek to reopen its contracts brings into the open the unfavorable position of the steel industry in regard to its ability to absorb any sizeable wage boost. A 15-cent per hour increase would cost the industry $90,000,000 in six months, whereas in the first six months of this year the industry earned only $95,000,000 after taxes. Since January, 1941, the average wage paid per hour per employee in the steel industry has advanced about 34% and raw materials have shown some advance, notably coal. Meanwhile steel prices generally have remained unchanged.

"While it is true that a large share of an increase in steel wages would come out of taxes and that a large share of an increase in prices would be borne by taxpayers, the steel industry would be vulnerable after the war tempo slackens and volume drops. Furthermore, steel wages are the bellwether for many other industries which fabricate and utilize steel.

"The entire steel price-wage problem will be found by the Government to be far more complex than the coal controversy. The latter, however, may not be settled as finally as many persons believe, for the miners are expected by the Government to work an extra hour for the wage increase they have received and this may bring friction.

"Ingot output this week is recuperating from the effects of the latest mine walkout, but is still hampered by flash strikes. Steel orders have been holding up well, with plate and sheet demand still acute. Revisions in Army, Navy and Maritime demand for war equipment have been numerous but have had little effect upon aggregate backlogs at mills.

"After many months of comparatively smooth sailing, the merchant pig iron market is approaching a point where relaxation of Government controls may be a possibility. Reasons include the growth of iron production facilities plus falling demand from foundries formerly engaged in machine tool work heavily. Presumably if excess foundry iron piles up it could be used for the making of civilian articles except that foundries are hampered by manpower shortages. This is similar to the situation in aluminum.

"The long delay by the OPA in the promised adjustment of Lake Superior iron ore prices is ascribed to the necessity for overhauling the lengthy OPA ore price schedule. It appears that the industry won't receive the full upward boost it is seeking. Meanwhile, shippers set a new October vessel shipment record of 11,612,542 tons, bringing the total movement for the year to 76,714,837 tons. Thus, the industry will come close to meeting its season quota.

"The 'Iron Age' estimates that the series of mine stoppages which began on April 1 and ended this week have cost the nation about 335,000 tons of steel alone. This is a direct loss and does not include the intangible and indirect effects on war production."

The American Iron and Steel Institute on Nov. 8 announced that telegraphic reports which it had received indicated the operating rate of steel companies having 94% of the steel capacity of the industry will be 98.2% of capacity for the week beginning Nov. 8, compared with 100.0% one week ago, 102.2% one month ago and 99.6% one year ago. The operating rate for the week beginning Nov. 8 is equivalent to 1,711,600 tons of steel ingots and castings, compared to 1,743,000 tons one week ago, 1,781,300 tons one month ago, and 1,703,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Nov. 8 stated in part as follows:

"Under greatly extended deliveries on some steel and iron products current demand is much lighter than a month ago and fewer directives are being applied to meet pressing needs.

"This situation may be changed before long when essential requirements for first quarter are more clearly defined. These are now under review at Washington and some revisions in first quarter schedules may be necessary.

"Sheet and plate schedules seem most likely to be revised as shipments for a long time have been well extended, though there has been no marked advance recently. In general, plate mills are unable to accept tonnage, except on directives, before April and hot and cold-rolled sheets before May, with galvanized sheets now in nearly the same position. For some time producers of hot-rolled sheets have been covered for full first half and in some cases beyond. Some easing is noted as permission has been given to divert more steel to sheet production, to utilize rolling equipment more fully.

"Return of coal miners to their work removes a threat to steel production and while effects of the mining suspension last week may be felt in minor degree no major dislocation is expected.

"Lake Superior iron ore shipments in October were at a new record for that month, though smaller than movement in July and August. The total was 11,612,542 gross tons, 195,468 tons more than was shipped in the same month last year. This excess reduced the season's deficit to 7,143,690 tons, representing a loss of 8.52% from the record shipments to Nov. 1, 1942.

"Directives have been issued by WPB to provide 150,699 tons of steel plates for 900 miles of a natural gas line from Corpus Christi, Tex., to West Virginia. Pipe will be 24 inches in diameter and A. O. Smith Corp., Milwaukee, will fabricate and weld it.

"Shifting requirements of the war program have resulted in accumulation of considerable steel specified for purposes no longer essential. About half this steel is of alloy grade and is difficult to place with other consumers.

"Scrap supply continues to run close to current requirements with results of the autumn drive much below expectations, little material being added to reserves."

Federal Reserve September Business Indexes

The Board of Governors of the Federal Reserve System issued on Oct. 26 its monthly indexes of industrial production, factory employment and payrolls, etc. At the same time the Board made available its customary summary of business conditions. The indexes for September, together with comparisons for a month and a year ago, are as follows:

BUSINESS INDEXES

1935-39 average = 100 for industrial production and freight-car loadings;
1939=100 for factory employment and payrolls;
1923-25 average = 100 for all other series

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
	Sept. 1943	Aug. 1943	Sept. 1942	Sept. 1943	Aug. 1943	Sept. 1942
Industrial production—						
Total	*243	242	208	*247	244	213
Manufactures—						
Total	*262	261	222	*266	263	227
Durable	*367	365	299	*368	366	300
Nondurable	*177	177	161	*182	179	167
Minerals	*139	135	131	*144	141	137
Construction contracts, value—						
Total	*60	59	179	*60	63	181
Residential	*33	35	70	*33	35	70
All other	*81	79	268	*82	85	271
Factory employment—						
Total	*167.7	168.8	156.9	*170.4	170.8	159.6
Durable goods	*229.1	229.6	201.6	*229.8	230.2	202.5
Nondurable goods	*119.3	120.9	121.6	*123.5	123.9	125.9
Factory payrolls—						
Total	---	---	---	†	322.1	261.8
Durable goods	---	---	---	†	443.2	352.4
Nondurable goods	---	---	---	†	198.8	173.3
Freight-car loadings	140	140	140	151	145	152
Department store sales, value	*131	142	123	*142	112	133
Department store stocks, value	†	114	125	†	110	130

*Preliminary or estimated. †Data not yet available.

Note—Production, carloadings, and department store sales indexes based on daily averages. To convert durable manufactures, non-durable manufactures and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, non-durable by .469, and minerals by .152.

Construction contract indexes based on three-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern States. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by $410,269,000, residential by $184,137,000, and all other by $226,132,000.

Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

INDUSTRIAL PRODUCTION
(1935-39 average = 100)

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
Manufactures—	Sept. 1943	Aug. 1943	Sept. 1942	Sept. 1943	Aug. 1943	Sept. 1942
Iron and steel	213	209	199	213	209	199
Pig iron	205	202	194	205	202	194
Steel	239	235	219	239	235	219
Open hearth	189	184	179	189	184	179
Electric	593	598	503	593	598	503
Machinery	*440	441	365	*440	441	365
Transportation equipment	*774	765	539	*774	765	539
Non-ferrous metals & products	†	267	223	†	266	223
Lumber and products	*128	130	130	*136	137	139
Lumber	*118	119	126	*130	130	139
Furniture	*148	151	138	*148	151	138
Stone, clay, & glass products	*170	173	163	*177	179	171
Plate glass	53	49	35	53	49	35
Cement	†	114	173	†	129	200
Clay products	*128	132	143	*132	135	148
Gypsum and plaster products	*201	203	176	*204	204	180
Abrasive and asbestos products	*321	327	241	*321	327	241
Textiles and products	*150	145	157	*150	145	157
Cotton consumption	156	147	171	156	147	171
Rayon deliveries	181	177	170	181	177	170
Wool textiles	†	150	155	†	150	155
Leather products	*110	110	116	*109	110	115
Tanning	†	106	122	†	105	120
Cattle hide leathers	†	108	137	†	105	134
Calf and kip leathers	†	80	96	†	84	94
Goat and kid leathers	†	82	76	†	80	77
Sheep and lamb leathers	†	174	143	†	180	140
Shoes	*113	113	112	*113	113	112
Manufactured food products	*144	144	137	*167	158	163
Wheat flour	†	109	107	†	108	116
Meat packing	*183	182	162	*164	154	147
Other manufactured foods	*142	142	136	*173	161	172
Processed fruits and vegetables	*120	126	123	*259	213	285
Tobacco products	134	136	135	141	140	144
Cigars	101	96	114	101	96	123
Cigarettes	165	169	159	176	177	170
Other tobacco products	87	92	92	93	89	98
Paper and products	†	142	132	†	141	132
Paperboard	155	151	131	155	151	131
Newsprint production	88	90	106	88	89	106
Printing and publishing	*111	114	108	*112	109	109
Newsprint consumption	97	103	101	98	93	102
Petroleum and coal products	*200	192	151	*200	192	151
Petroleum refining	*205	195	149	*205	195	149
Gasoline	*122	116	109	*122	116	109
Fuel oil	†	153	137	†	153	137
Lubricating oil	†	123	112	†	121	112
Kerosene	†	107	107	†	102	106
Coke	*172	169	166	*172	169	166
Byproduct	*161	159	155	*161	159	155
Beehive	*536	514	526	*536	514	526
Chemicals	*394	403	298	*394	399	299
Rayon	*221	223	188	*221	223	188
Industrial chemicals	*385	382	292	*385	382	292
Rubber	*226	227	180	*226	227	180
Minerals—						
Fuels	*141	137	129	*141	137	129
Bituminous coal	*155	153	150	*155	153	150
Anthracite	*129	128	129	*129	128	129
Crude petroleum	*137	131	120	*137	131	120
Metals	*126	125	145	*163	164	184
Iron ore	†	223	227	†	363	358

*Preliminary or estimated. †Data not yet available.

FREIGHT-CAR LOADINGS
(1935-39 average = 100)

Coal	152	145	142	152	145	142
Coke	195	191	186	193	183	184
Grain	137	147	124	153	158	139
Livestock	114	117	102	151	111	135
Forest products	133	148	154	150	156	167
Ore	209	208	203	314	312	304
Miscellaneous	143	145	150	154	147	162
Merchandise, l.c.l.	63	63	55	66	64	57

Note—To convert coal and miscellaneous indexes to points in total index, shown in the Federal Reserve Chart Book, multiply coal by .213 and miscellaneous by .548.

Market Value Of Stocks On New York Stock Exchange Lower On Oct. 30

The New York Stock Exchange announced on Nov. 8 that as of the close of business Oct. 30, there were 1,235 stock issues, aggregating 1,485,248,610 shares listed on the Exchange, with a total market value of $48,178,040,869. This compares with 1,238 stock issues, aggregating 1,484,144,819 shares, with a total market value of $48,711,451,018 on Sept. 30 and with 1,243 stock issues, aggregating 1,470,960,448 shares, with a total market value of $37,727,599,526 on Oct. 31, 1942.

In making public the figures for Oct. 30, the Exchange also said:

"As of the close of business Oct. 30, New York Stock Exchange member total net borrowings amounted to $873,361,133, of which $500,856,094 represented loans which were not collateralized by U. S. Government issues. The ratio of the latter borrowings to the market value of all listed stocks on that date was therefore 1.04%. As the loans not collateralized by U. S. Government issues include all other types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value."

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

	Oct. 30, 1943 Market Value $	Oct. 30, 1943 Av. Price $	Sept. 30, 1943 Market Value $	Sept. 30, 1943 Av. Price $
Amusement	506,443,522	21.86	505,337,552	23.21
Automobile	3,903,097,902	32.38	4,003,274,805	32.62
Aviation	615,256,317	17.95	628,587,817	18.34
Building	556,838,588	26.90	572,332,902	27.68
Business and Office Equipment	400,908,611	33.99	407,385,110	34.54
Chemical	5,985,537,265	63.23	6,091,906,265	64.31
Electrical Equipment	1,599,961,477	39.12	1,678,587,852	41.04
Farm Machinery	756,777,160	57.78	775,596,074	59.21
Financial	965,672,157	19.34	969,333,693	19.41
Food	3,111,576,820	37.17	3,107,359,144	37.18
Garment	45,259,220	27.07	45,759,992	27.36
Land & Realty	28,998,621	5.96	29,639,948	6.09
Leather	231,154,936	27.42	231,845,255	27.52
Machinery & Metals	1,645,862,101	23.89	1,659,263,906	24.09
Mining (excluding iron)	1,388,722,650	23.59	1,391,410,652	23.64
Paper & Publishing	488,276,518	21.34	484,917,224	21.19
Petroleum	6,139,280,628	30.25	6,266,060,550	31.11
Railroad	3,670,616,747	32.56	3,678,865,734	32.58
Retail Merchandising	2,590,511,774	35.57	2,651,127,714	36.40
Rubber	560,926,146	53.05	571,273,144	54.02
Ship Building & Operating	100,669,523	18.25	99,034,338	17.95
Shipping Services	14,518,164	8.42	14,797,153	8.58
Steel, Iron & Coke	2,196,553,223	43.42	2,174,222,497	42.98
Textiles	481,937,663	33.91	492,896,271	34.67
Tobacco	1,225,717,804	45.02	1,250,003,275	46.59
Utilities:				
Gas & Electric (Operating)	2,258,793,895	21.91	2,249,013,140	21.82
Gas & Electric (Holding)	1,120,953,539	11.70	1,110,957,722	11.60
Communications	3,660,048,984	87.38	3,628,929,435	86.68
Miscellaneous Utilities	107,393,248	14.56	106,785,063	14.48
U. S. Cos. Operating Abroad	770,351,295	22.65	768,612,202	22.60
Foreign Companies	899,249,024	22.22	921,178,199	22.76
Miscellaneous Businesses	150,175,347	25.58	145,156,390	24.73
All Listed Stocks	48,178,040,869	32.44	48,711,451,018	32.82

We give below a two-year compilation of the total market value and the average price of stocks listed on the Exchange:

	Market Value $	Average Price $		Market Value $	Average Price $
1941—			1942—		
Sept. 30	40.984.419,434	28.02	Oct. 31	37,727,599,526	25.65
Oct. 31	39,057,023,174	26.66	Nov. 30	37,374,462,460	25.41
Nov. 29	37,882,316,239	25.87	Dec. 31	38,811,728,666	26.39
Dec. 31	35,785,946,533	24.46	1943—		
1942—			Jan. 30	41,410,585,043	28.16
Jan. 31	36,228,397,999	24.70	Feb. 27	43,533,661,753	29.61
Feb. 28	35,234,173,432	24.02	Mar. 31	45,845,738,377	31.20
Mar. 31	32,844,183,750	22.36	Apr. 30	46,192,361,639	31.45
Apr. 30	31,449,206,904	21.41	May 29	48,437,700,647	32.96
May 29	32,913,725,225	22.40	June 30	48,878,520,886	33.27
June 30	33,419,047,743	22.73	July 31	47,577,989,240	32.17
July 31	34,443,805,860	23.42	Aug. 31	47,710,472,858	32.04
Aug. 31	34,871,607,323	23.70	Sept. 30	48,711,451,018	32.82
Sept. 30	35,604,809,453	24.20	Oct. 30	48,178,040,869	32.44

Living Costs In Large Cities Advanced 0.4% Between Aug. 15-Sept. 15, Says Labor Bureau

The cost of living for city workers went up in the month from August to September by 0.4% after declining by 1.5% in the previous three months, Secretary of Labor Perkins reported on Oct. 28.

"The largest increase was in clothing prices as new fall lines were introduced," she said. "Prices for food, the most important part of the family budget, on the average, were 0.1% higher but there were wide variations in different parts of the country. Reports to the Bureau of Labor Statistics indicate growing shortages of a number of important cost of living items."

Secretary Perkins further stated:

"In September, the Bureau's index of living costs stood at 123.7% of the average for 1935-39. This is 5% higher than September last year, 6½% above the May 1942 level, and 22½% above January, 1941, base date for the Little Steel Formula.

"The slight rise in food costs over the month (0.1%) was due principally to higher prices for fish and eggs. Eggs were up by 6% and were double the pre-war level of August, 1939. OPA regulations on eggs, recognizing customary variations, allowed a seasonal advance in egg prices. Egg ceilings will start going down in November. Fish prices rose 3.6% over the month. Fresh fruit and vegetable prices were down 2%, as seasonal declines continued in most parts of the country for potatoes, sweet potatoes, onions, apples, and spinach. Prices for lettuce, green beans, and carrots advanced sharply as home grown produce was no longer available in large quantity. Likewise oranges rose sharply, reflecting short supplies and higher ceilings permitted between seasons of heavy production. Reports of shortages were most widespread for oranges, butter, chickens, corn meal, apples and spinach. The changes in food costs varied greatly from city to city ranging from declines about 2% to increases of nearly 2%. In the cities where food costs went up most, seasonal declines during the summer had been large.

"Higher prices for the new fall lines (under the OPA formula for adjustment to higher costs) and continued unavailability of lower priced clothing resulted in a substantial advance in total clothing costs. Increases were most marked for women's wear with some new fall lines of coats up by as much as 60% in several cities. The Bureau reported an acute shortage of children's shoes.

"Costs for house furnishings edged up slightly with the lower priced merchandise continuing to disappear. However, for some products such as furniture and brooms, there were significant price increases, as well as lowering of qualities.

"September rents were slightly higher in 15 of the 34 cities in the index and lower in two cities at the end of the month. The total rent bill for large cities remained unchanged. Higher rents were in most cases accompanied by changes in tenancy. Reports of acute housing shortage and lack of desirable dwellings continued from practically all cities and additional charges for facilities and services formerly included in the rent were common.

"The costs for services and miscellaneous goods were also up in September, continuing the steady advance begun in August last year. The dollar haircut of World War I has again made its appearance in some cities with 75 cents the usual charge, against the pre-war charge of 50 cents or less. Haircuts are not subject to price control. There were also substantial increases in cost for medical services and domestic services, admissions to motion pictures, all of which are also beyond the scope of the Emergency Price Control Act, and in prices for a variety of other goods including some soaps and toilet articles.

"Prices of fuel, electricity, and ice remained virtually unchanged from August to September.

"These figures are based on complete reports for food, rent, fuel and light, house furnishings and miscellaneous goods and services, and incomplete reports for clothing and house furnishings where the introduction of many new winter goods has occasioned delay in final compilation of the reports with incomplete returns from certain cities."

RETAIL FOOD COSTS IN LARGE CITIES COMBINED*

(Indexes, 1935-39=100)

Commodity Group—	†Sept. 14 1943	Aug. 17 1943	Sept. 15 1942	May 12 1942	Jan. 14 1941	Aug 15 1939
ALL FOODS	137.4	137.2	126.6	121.6	97.8	93.5
Cereals and bakery products	108.2	108.1	105.4	105.2	94.9	93.4
Meats	129.9	129.7	130.6	124.3	101.1	95.7
Beef and veal	118.9	‡119.3	126.0	124.1	109.4	99.6
Pork	114.0	114.3	124.0	123.2	86.1	88.0
Lamb	134.9	135.0	133.7	118.2	98.7	98.8
Chickens	147.5	147.2	133.7	113.4	97.2	94.6
Fish, fresh & canned	208.5	202.2	168.2	150.9	118.7	99.6
Dairy products	133.6	133.4	127.7	123.3	105.1	93.1
Eggs	177.5	167.4	155.2	115.4	97.4	90.7
Fruits & vegetables	167.0	‡169.8	129.7	128.7	93.3	92.4
Fresh	175.8	‡179.3	130.3	130.0	93.4	92.8
Canned	130.0	130.2	123.8	122.7	91.4	91.6
Dried	159.7	159.9	143.4	131.2	99.6	90.3
Beverages	125.3	125.3	123.8	124.6	90.9	94.9
Fats and oils	126.5	126.5	120.7	122.4	80.3	84.5
Sugar and sweets	126.8	126.6	127.0	127.1	95.3	95.6

PER CENT CHANGE

Commodity Group—	8-17-43 to 9-14-43	9-15-42 to 9-14-43	5-12-42 to 9-14-43	1-14-41 to 9-14-43	8-15-39 to 9-14-43
ALL FOODS	+ .1	+ 8.5	+ 13.0	+ 40.5	+ 47.0
Cereals and bakery prods.	+ .1	+ 2.7	+ 2.9	+ 14.0	+ 15.8
Meats	+ .2	— .5	+ 4.5	+ 28.5	+ 35.7
Beef and veal	— .3	— 5.6	— 4.2	+ 8.7	+ 19.4
Pork	— .3	— 8.1	— 7.5	+ 32.4	+ 29.5
Lamb	— .1	+ .9	+ 14.1	+ 36.7	+ 36.5
Chickens	+ .2	+ 10.3	+ 30.1	+ 51.7	+ 55.9
Fish, fresh and canned	+ 3.1	+ 24.0	+ 38.2	+ 75.7	+ 109.3
Dairy products	+ .1	+ 4.6	+ 8.4	+ 27.1	+ 43.5
Eggs	+ 6.0	+ 14.4	+ 53.8	+ 82.2	+ 95.7
Fruits and vegetables	—1.6	+ 28.8	+ 29.8	+ 79.0	+ 80.7
Fresh	—2.0	+ 34.9	+ 35.2	+ 88.2	+ 89.4
Canned	— .2	+ 5.0	+ 5.9	+ 42.2	+ 41.9
Dried	— .1	+ 11.4	+ 21.7	+ 60.3	+ 76.9
Beverages	0	+ 1.2	+ .6	+ 37.8	+ 32.0
Fats and oils	0	+ 4.8	+ 3.3	+ 57.5	+ 49.7
Sugar and sweets	+ .2	— .2	— .2	+ 33.1	+ 32.6

*The number of cities included in the index was changed from 51 to 56 in March, 1943, with the necessary adjustments for maintaining comparability. At the same time the number of foods in the index was increased from 54 to 61. †Preliminary. ‡Revisd.

October Department Store Sales

The Board of Governors of the Federal Reserve System announced on Nov. 4 that department store sales increased considerably in October, following less than the usual seasonal rise in September, and the Board's seasonally adjusted index rose to an estimated 145% of the 1923-25 average as compared with 132 in September and 142 in July and August. Value of sales in October was about 9% larger than in October last year and in the first 10 months of this year sales were about 12% larger than in the corresponding period of 1942.

INDEX OF DEPARTMENT STORE SALES‡ (1923-25 AVERAGE=100)

	Oct., 1943	Sep., 1943	Aug., 1943	Oct., 1942
Adjusted for seasonal variation	145	132	142	128
Without seasonal adjustment	155	143	112	137

Change from corresponding period a year ago (per cent)

Federal Reserve District—	One Week Ending 10-30	One Week Ending 10-23	One Week Ending 10-16	One Week Ending 10-9	Four Weeks Ending 10-30	Four Weeks Ending 10-2	Four Weeks Ending 8-28	Four Weeks Ending 7-31	Year to 10-30
Boston	+ 10	+ 8	0	+ 4	+ 5	— 4	+ 1	+ 6	+ 7
New York	— 3	+ 13	+ 10	+ 7	+ 7	+ 2	— 2	+ 5	+ 6
Philadelphia	+ 2	+ 11	+ 9	+ 7	+ 8	+ 1	— 5	+ 4	+ 5
Cleveland	+ 13	+ 15	+ 11	+ 7	+ 12	+ 3	+ 6	+ 11	+ 8
Richmond	— 1	† + 6	+ 18	+ 9	+ 8	+ 9	— 5	+ 10	+ 11
Atlanta	+ 29	+ 31	+ 29	+ 26	+ 29	+ 30	+ 26	+ 30	+ 27
Chicago	+ 10	† + 5	+ 7	+ 1	+ 5	+ 1	+ 6	+ 10	+ 8
St. Louis	+ 7	† + 4	+ 22	+ 8	+ 10	+ 10	+ 6	+ 12	+ 14
Minneapolis	*	*	*	*	+ 13	+ 5	+ 13	+ 15	+ 13
Kansas City	+ 20	+ 9	+ 29	+ 23	+ 20	+ 17	+ 21	+ 28	+ 29
Dallas	+ 39	+ 19	+ 53	+ 44	+ 38	+ 35	+ 35	+ 41	+ 40
San Francisco	+ 23	† + 25	+ 13	+ 12	+ 18	+ 7	+ 13	+ 15	+ 21
U. S. total	+ 10	+ 12	+ 13	+ 9	+ 11	+ 6	+ 7	+ 12	+ 12

WEEKLY INDEX, WITHOUT SEASONAL ADJUSTMENT (1935-39 AVERAGE=100)

1943—		1942—	
October 2	162	October 3	173
October 9	173	October 10	159
October 16	171	October 17	152
October 23	171	October 24	153
October 30	173	October 31	158

*Not shown separately but included in United States total. †Revised. ‡Monthly indexes refer to daily average sales in calendar month; October, 1943, figures estimated from weekly sales.

September Truck Freight Volume 5.6% Over 1942

The volume of freight transported by motor carriers in September showed a slight increase of 0.4% over August and an increase of 5.6% over September, 1942, according to reports compiled and released on Nov. 1 by the American Trucking Associations.

Comparable reports were received by ATA from 332 motor carriers in 43 States. The reporting carriers transported an aggregate 2,430,758 tons in September, as against 2,422,020 tons in August, and 2,301,933 tons in September, 1941.

The ATA index figure, computed on the basis of the average monthly tonnage of the reporting carriers for the three-year period of 1938-1940 as representing 100, was 193.72. The Index for August was 191.35.

A little more than 71% of the total tonnage reported was hauled by motor carriers domiciled east of the Mississippi River, and almost 29% by carriers located west of the river. This division of traffic volume between the two areas approximates the division reported by the Interstate Commerce Commission in its last report on all Class I motor carriers.

The volume hauled by the eastern carriers represented an increase of 0.9% over August, and 4% over September of last year. The western carriers showed a decrease 1.1% under August, but was 9.7% over September, 1942.

A breakdown of the total September tonnage by commodities showed that a little more than 71% was reported by carriers of general freight. The volume in this category showed a slight decrease of 0.2% under August, but increased 1.9% over September of last year.

Transporters of petroleum products, accounting for slightly more than 15% of the total tonnage reported, showed an increase of 3.8% over August and an increase of 23.4% over September, 1942.

Haulers of iron and steel products reported almost 7½% of the total tonnage. The volume of these commodities showed a decrease of 3.5% under August, but held 33.1% over September, 1942.

Approximately 6% of the total tonnage reported was miscellaneous commodities, including tobacco, milk, textile products, coke, bricks, building materials, cement and household goods. Tonnage in this class showed slight increases of 0.3% over August, and 0.5% over September of last year.

Hull Again Heads Pan American Board

Secretary of State Cordell Hull was reelected Chairman of the Governing Board of the Pan American Union for the coming year at a meeting in Washington on Nov. 3. Acting Secretary of State Edward R. Stettinius Jr. attended the meeting as the representative of the United States.

The Ambassador of Honduras, Julian R. Caceres, was elected Vice Chairman, replacing Luis Fernanda Guachalla, Ambassador of Bolivia.

President Signs Bill For Victory Tax Credit

President Roosevelt signed on Oct. 28 the legislation requiring taxpayers to take credit in their next tax return for a portion of the 5% Victory tax, which was intended originally as a post-war refund.

Under the legislation, the credit amounts to 25% for single persons, 40% for married, 2% for each dependent, with the rebate in no case to exceed $1,000.

The House passed the measure on Oct. 11 and the Senate approved it on Oct. 21. House action was referred to in our issue of Oct. 14, page 1486.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Nov. 9	119.92	110.70	118.80	116.22	111.07	98.41	103.13	113.50	116.02
8	119.96	110.70	118.80	116.22	111.07	98.57	103.13	113.50	116.22
6	120.02	111.07	119.00	116.61	111.25	98.73	103.30	113.70	116.61
5	119.99	111.07	119.00	116.61	111.25	98.73	103.30	113.70	116.61
4	120.02	110.88	119.00	116.61	111.07	98.73	103.30	113.70	116.61
3	120.07	111.07	119.20	116.61	111.07	99.04	103.30	113.70	116.80
2	STOCK EXCHANGE CLOSED								
1	120.21	111.07	119.20	116.61	111.25	99.04	103.47	113.70	116.80
Oct. 29	120.27	111.07	119.00	116.61	111.25	99.04	103.30	113.89	116.61
22	120.33	111.07	119.00	116.61	111.44	99.04	103.30	113.89	116.61
15	120.28	111.07	119.20	116.61	111.25	99.04	103.30	113.89	116.61
8	120.57	110.88	119.00	116.41	111.25	98.73	103.13	113.89	116.41
1	120.62	110.88	119.00	116.22	111.07	98.73	103.13	113.89	116.22
Sept. 24	120.55	111.07	119.00	116.41	111.25	98.88	103.30	113.89	116.41
17	120.55	111.07	119.20	116.61	111.07	98.73	103.13	113.70	116.61
10	120.56	111.07	119.20	116.61	111.25	98.88	103.13	113.89	116.80
3	120.30	111.25	119.20	116.80	111.62	98.73	103.30	113.89	117.00
Aug. 27	120.34	111.25	119.20	116.80	111.44	98.88	103.13	112.89	117.20
July 30	120.18	111.44	119.41	117.00	111.62	99.04	103.30	114.08	117.20
Jun 25	120.41	110.70	118.80	116.22	111.07	98.09	102.46	113.70	116.61
May 28	119.82	110.34	118.20	115.82	110.88	97.78	102.30	131.31	115.82
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago Nov. 9, 1942	117.36	107.62	117.20	114.08	108.70	92.64	97.31	112.00	114.27
2 Years ago Nov. 8, 1941	120.01	108.34	118.60	116.02	109.60	92.20	97.62	112.56	116.22

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R	P U	Indus
Nov. 9	1.84	3.13	2.71	2.84	3.11	3.85	3.56	2.98	2.85
8	1.84	3.13	2.71	2.84	3.11	3.84	3.56	2.98	2.84
6	1.84	3.11	2.70	2.82	3.10	3.83	3.55	2.97	2.82
5	1.84	3.11	2.70	2.82	3.10	3.83	3.55	2.97	2.82
4	1.84	3.12	2.70	2.82	3.11	3.83	3.55	2.97	2.82
3	1.83	3.11	2.69	2.82	3.11	3.81	3.55	2.97	2.81
2	STOCK EXCHANGE CLOSED								
1	1.82	3.11	2.69	2.82	3.10	3.81	3.54	2.97	2.81
Oct. 29	1.82	3.11	2.70	2.82	3.10	381	3.56	2.96	2.82
22	1.81	3.11	2.70	2.82	3.09	3.81	3.55	2.96	2.82
15	1.82	3.11	2.69	2.82	3.10	3.81	3.55	2.96	2.82
8	1.80	3.12	2.70	2.83	3.10	3.83	3.56	2.96	2.83
1	1.80	3.12	2.70	2.84	3.11	3.83	3.56	2.96	2.84
Sept. 24	1.80	3.11	2.70	2.83	3.10	3.82	3.55	2.96	2.83
17	1.80	3.11	2.69	2.82	3.11	3.83	3.56	2.97	2.82
10	1.81	3.11	2.69	2.82	3.10	3.82	3.56	2.96	2.81
3	1.83	3.10	2.69	2.81	3.08	3.83	3.55	2.96	2.80
Aug. 27	1.83	3.10	2.69	2.81	3.09	3.82	3.56	2.96	2.79
July 30	1.84	3.09	2.68	2.80	3.08	3.81	3.55	2.95	2.79
Jun 25	1.82	3.13	2.71	2.84	3.11	3.87	3.60	2.97	2.82
May 28	1.88	3.15	2.74	2.86	3.12	3.89	3.61	2.99	2.86
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago Nov. 9, 1942	2.05	3.30	2.79	2.95	3.24	4.23	3.92	3.06	2.94
2 Years ago Nov. 8, 1941	1.85	3.26	2.72	2.85	3.19	4.26	3.90	3.03	2.84

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Moody's Common Stock Yields

Yearly average yields in the years 1929 to 1941 inclusive and monthly average yields for 1941 will be found on page 2218 of the June 11, 1942 issue of the "Chronicle."

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
September, 1942	5.8	7.3	7.9	4.9	4.5	6.1
October, 1942	5.5	7.0	7.2	5.0	4.4	5.8
November, 1942	5.5	8.0	7.1	5.2	4.5	5.9
December, 1942	5.3	8.6	7.2	5.0	4.2	5.7
January, 1943	5.0	7.9	6.8	4.5	4.1	5.4
February, 1943	4.7	7.3	6.3	4.4	4.1	5.1
March, 1943	4.5	6.8	6.2	4.0	3.9	4.8
April, 1943	4.5	6.6	5.8	4.1	3.9	4.8
May, 1943	4.3	6.2	5.5	4.0	3.8	4.6
June, 1943	4.2	6.4	5.4	3.9	3.8	4.5
July, 1943	4.5	6.8	5.5	4.1	3.9	4.7
Aug. 1943	4.4	6.6	5.5	4.0	3.8	4.7
Sept. 1943	4.3	6.5	5.5	4.0	3.7	4.6
Oct., 1943	4.5	6.6	5.5	4.0	3.7	4.7

National Fertilizer Association Commodity Price Average Unchanged

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public Nov. 8, registered 135.4 for the week ended Nov. 6, showing no change from the preceding week. A month ago this index stood at 136.1 and a year ago at 130.4, based on the 1935-1939 average at 100. The Association's report continued as follows:

The foods group again registered a slight advance due to rising prices for potatoes, while the farm products group registered a decline with lower quotations for all grains except wheat. Rising prices for cattle, lambs, and sheep were not sufficient to offset the lower prices for both light and heavy hogs. The textiles group declined fractionally with cotton reaching a new low for this year. All other group indexes remained at the same level of the preceding week.

During the week price changes in the index were evenly balanced with 7 price series advancing and 7 declining; in the preceding week there were 8 advances and 9 declines; and in the second preceding week there were 3 advances and 15 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Nov. 6, 1943	Preceding Week Oct. 30, 1943	Month Ago Oct. 9, 1943	Year Ago Nov. 7, 1942
25.3	Foods	140.0	139.8	140.5	133.0
	Fats and Oils	146.1	146.1	146.5	146.9
	Cottonseed Oil	161.3	161.3	162.4	158.4
23.0	Farm Products	154.5	154.9	158.6	143.5
	Cotton	188.9	192.2	194.2	185.1
	Grains	155.8	154.9	154.1	115.8
	Livestock	148.4	148.7	154.4	143.6
17.3	Fuels	122.8	122.8	122.8	119.3
10.8	Miscellaneous commodities	131.4	131.4	131.4	127.4
8.2	Textiles	150.2	150.7	150.3	148.7
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.5	152.5	152.5	151.4
1.3	Chemicals and drugs	127.7	127.7	127.7	120.7
.3	Fertilizer materials	117.7	117.7	117.7	117.4
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.2	104.2	104.1	104.1
100.0	All groups combined	135.4	135.4	136.1	130.4

*Indexes on 1926-1928 base were: Nov. 6, 1943, 105.5; Oct. 30, 105.5, and Nov. 7, 1942, 101.6.

Electric Output For Week Ended Nov. 6, 1943, Shows 17.3% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Nov. 6, 1943, was approximately 4,413,863,000 kwh., compared with 3,761,961,000 kwh. in the corresponding week last year, an increase of 17.3%. The output of the week ended Oct. 30, 1943, was 18% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended Nov. 6	Oct. 30	Oct. 23	Oct. 16
New England	8.2	9.4	7.0	8.9
Middle Atlantic	18.1	21.4	19.7	18.7
Central Industrial	12.7	14.9	15.5	14.4
West Central	8.7	8.5	9.2	7.3
Southern States	20.4	19.6	19.7	22.2
Rocky Mountain	15.5	13.8	14.7	14.9
Pacific Coast	29.7	26.1	25.3	26.6
Total United States	17.3	18.0	17.7	17.9

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Aug 7	4,240,638	3,637,070	+16.6	3.233,242	1,415,122	1,729,667
Aug 14	4,287,827	3,654,795	+17.3	3,238,160	1,431,910	1,733,110
Aug 21	4,264,825	3,673,717	+16.1	3,230,750	1,436,440	1,750,056
Aug 28	4,322,195	3,639,961	+18.7	3,261,149	1,464,700	1,761,594
Sep 4	4,350,511	3,672,921	+18.4	3,132,954	1,423,977	1,674,588
Sep 11	4,229,262	3,583,408	+18.0	3,322,346	1,476,442	1,806,259
Sep. 18	4,358,512	3,756,922	+16.0	3,273,375	1,490,863	1,792,131
Sep. 25	4,359,610	3,720,254	+17.2	3.273,376	1,499,459	1,777,854
Oct. 2	4,359,003	3,682,794	+18.4	3,330,582	1,506,219	1,819,276
Oct. 9	4,341,754	3,702,299	+17.3	3,355,440	1,507,503	1,806,403
Oct. 16	4,382,268	3,717,360	+17.9	3,313,596	1,528,145	1,798,633
Oct. 23	4,415,405	3,752,571	+17.7	3,340,768	1,533,028	1,824,160
Oct. 30	4,452,592	3,774,891	+18.0	3.380,488	1,525,410	1,815,749
Nov. 6	4,413,863	3,761,961	+17.3	3.368,690	1,520,730	1,798,164

Civil Engineering Construction $35,206,000 For Short Week

Civil engineering construction volume in continental U. S. totals $35,206,000 for the short week due to the Election Day holiday. This volume, not including construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 74% lower than in the corresponding week last year, but tops the $31,985,000 reported to "Engineering News-Record" for the preceding week. The report made public on Nov. 4 goes on to say:

Private construction for the week, $15,388,000, gains 81% over the 1942 week's volume. Public work, however, is 85% below a year ago as a result of the 68% decline in state and municipal construction, and the 85% decrease in federal work.

The current week's construction brings 1943 volume to $2,716,958,000, an average of $61,749,000 for each of the 44 weeks of the period. On the weekly average basis, 1943 construction is 67% lower than the $8,461,997,000 reported for the 45-week 1942 period. Private construction, $392,292,000, is down 23%, and public construction, $2,324,666,000, is 70% lower when adjusted for the difference in the number of weeks.

Civil engineering construction volumes for the 1942 week, last week, and the current week are:

	Nov. 5, 1942 (4 days)	Oct. 28, 1943 (5 days)	Nov. 4, 1943 (4 days)
Total U. S. Construction	$137,412,000	$31,985,000	$35,206,000
Private Construction	8,504,000	4,428,000	15,388,000
Public Construction	128,908,000	27,557,000	19,818,000
State and Municipal	3,868,000	3,777,000	1,226,000
Federal	125,040,000	23,780,000	18,592,000

In the clasified construction groups, gains over the holiday-shortened 1942 week are in bridges, and commercial building and large-scale private housing. Increases over last week are in bridges, commercial buildings, and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $261,000; sewerage, $334,000; bridges, $828,000; industrial buildings, $895,000; commercial building and large-scale private housing, $8,863,000; public buildings, $14,052,000; earthwork and drainage, $25,000; streets and roads, $961,000; and unclassified construction, $8,987,000.

New capital for construction purposes for the week totals $377,000, and is made up entirely of state and municipal bond sales. New construction financing for the 44 weeks of 1943, $3,043,627,000, is 67% lower than the $9,557,260,000 reported for the 45-week period last year.

Oct. Business Failures Up

October business failures are higher in both number and liabilities involved therein in September of this year but lower than in October, 1942. Business insolvencies in October, according to Dun & Bradstreet, Inc., totaled 169 and involved $3,785,000 liabilities as compared with 124 involving $1,488,000 in September and 673 involving $7,181,000 in October a year ago.

The increase in the number of failures and liabilities in October over September took place in all of the divisions of trade into which the reported is divided.

Manufacturing failures last month numbered 33, involving $2,468,000 liabilities, compared with 26 in September with $504,000 liabilities. Wholesale failures increased to 12 from 9 but liabilities decreased from $190,000 in September to $150,000 in October. In the Retail trade section, insolvencies rose to 81 from 64 in September and liabilities from $501,000 to $544,000. Construction failures numbered 18 with $298,000 liabilities in October, which compares with 18 with $159,000 liabilities in September. Commercial Service failures amounted to 16 in October as compared with 7 in September and liabilities $325,000 in October and $134,000 in September.

When the country is divided into Federal Reserve Districts it is seen that the Richmond and Dallas Reserve Districts did not have any failures. The Minneapolis Reserve District had one, the Atlanta Reserve District had two, the same as a month ago, while its Kansas City Reserve District had three, compared with four in September. All the remaining districts had more failures in October than in September, except the Chicago Reserve District which had a smaller number of insolvencies. When the amount of the liabilities is considered the Chicago, Minneapolis and Kansas City Reserve districts had less liabilities involved in October than in September, the Richmond and Dallas Reserve districts did not have any, while all of the other districts had more liabilities in October than in September.

Russia To Join Currency Talks Says Morgenthau

Russia has agreed to join in forthcoming discussions of monetary problems, Secretary of the Treasury Morgenthau revealed on Nov. 4 at his first press conference since returning from a tour of Mediterranean battlefronts. It is understood that the invitation for Russian participation in the informal stabilization talks was extended by Secretary of State Hull when he was in Moscow for the tri-power conference of Foreign Ministers.

Representatives of various other countries are also expected to take part in the conferences designed to establish cooperation in international monetary matters so as to facilitate economic relations.

The return of Mr. Morgenthau from the war fronts was referred to in our Nov. 4 issue, page 1803.

Moody's Daily Commodity Index

Tuesday, Nov. 2	*
Wednesday, Nov. 3	245.3
Thursday, Nov. 4	244.3
Friday, Nov. 5	244.8
Saturday, Nov. 6	244.8
Monday, Nov. 8	243.4
Tuesday, Nov. 9	243.4
Two weeks ago, Oct. 26	247.4
Month ago, Oct. 9	247.9
Year ago, Nov. 9	232.7
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

*Holiday.

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Oct. 30, 1943, is estimated at 9,825,000 net tons, a decrease of 1,500,000 tons or 13.2% from the output in the preceding week. Soft coal production in the corresponding week of 1942 amounted to 11,776,000 tons. For the current year to Oct. 30, 489,550,000 tons of soft coal were produced, as compared with 482,931,000 tons in the same period last year.

The U. S. Bureau of Mines estimated that the total output of Pennsylvania anthracite for the week ended Oct. 30, 1943, was 1,036,000 tons, a decrease of 254,000 tons (19.7%) from the preceding week. When compared with the production in the corresponding week of 1942 there was a decrease of 81.000 tons, or 7.3%. The calendar year to date shows an increase of 0.7% when compared with the same period of 1942.

The Bureau of Mines also reported that the estimated output of byproduct coke in the United States for the week ended Oct. 30, 1943 showed a decrease of 8,300 tons when compared with the production for the week ended Oct. 23. The quantity of coke from beehive ovens increased 7,400 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL
(In Net Tons—000 Omitted.)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	Oct. 30, 1943	*Oct. 23, 1943	Oct. 31, 1942	†Oct .30, 1943	Oct. 31, 1942	Oct. 30, 1937
Total, incl. mine fuel	9,825	11,325	11,776	489,550	482,931	371,415
Daily average	1,571	1,888	1,963	1,900	1,890	1,454

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Cal. Year to Date		
Penn. anthracite—	§Oct. 30, 1943	¶Oct. 23, 1943	Oct. 31, 1942	Oct. 30, 1943	Oct. 31, 1942	Nov. 2, 1929
*Total incl. coll. fuel	1,036,000	1,290,000	1,117,000	51,239,000	50,863,000	60,935,000
†Commercial production	995,000	1,238,000	1,072,000	49,188,000	48,828,000	56,548,000
By-product coke—						
United States total	1,197,700	1,206,000	1,211,200	52,747,200	51,702,200	‡
Beehive coke—						
United States total	174,900	167,500	167,200	6,664,000	6,928,000	5,695,200

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes washery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Oct.
State—	Oct. 23, 1943	Oct. 16, 1943	Oct. 24, 1942	Oct. 25, 1941	Oct. 23, 1937	average ¶1923
Alabama	71	266	360	145	264	398
Alaska	5	5	6	5	3	**
Arkansas and Oklahoma	89	91	100	97	112	88
Colorado	172	159	165	143	178	217
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,379	1,386	1,296	1,085	1,178	1,558
Indiana	355	487	538	481	351	520
Iowa	38	39	64	56	93	116
Kansas and Missouri	200	190	166	144	172	161
Kentucky—Eastern	857	945	919	995	857	764
Kentucky—Western	299	301	298	195	203	238
Maryland	33	33	32	36	34	35
Michigan	3	4	4	7	10	28
Montana (bituminous and lignite)	106	93	88	85	80	82
New Mexico	37	36	38	29	37	58
North and South Dakota (lignite)	69	58	95	57	85	**36
Ohio	675	660	688	665	542	817
Pennsylvania (bituminous)	2,907	2,978	2,781	2,912	2,235	3,149
Tennessee	124	127	145	153	109	118
Texas (bituminous and lignite)	5	6	8	8	20	26
Utah	106	122	121	99	90	121
Virginia	388	396	391	415	334	231
Washington	26	31	36	41	46	68
*West Virginia—Southern	2,202	2,137	2,162	2,355	1,931	1,488
†West Virginia—Northern	992	979	860	893	560	805
Wyoming	185	194	184	154	156	184
‡Other Western States	1	1	1	††	††	**4
Total bituminous and lignite	11,325	11,725	11,547	11,256	9,680	11,310
§Pennsylvania anthracite	1,290	1,294	1,200	1,269	1,184	1,968
Total all coal	12,615	13,019	12,747	12,525	10,864	13,278

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1.000 tons.

Oct. Engineering Construction $193,379,000 Private Volume Tops Last Month & 1942 Month

Civil engineering construction volume in continental United States totals $193,379,000 for October, and averages $48,345,000 for each of the four weeks of the month. This weekly average volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 8% below the average for the five weeks of September, 1943, and is 65% lower than the average for the five weeks of Octobr, 1942, as reported to "Engineering News-Record" and made public on Nov. 4. The report goes on to say:

On the weekly average basis, private construction for October tops the preceding month by 28%, and is 60% higher than a year ago. Public construction, however, is 16 and 72% lower, respectively, than last month and last year. State and municipal construction and Federal construction are down 26 and 15%, in that order, from their volumes for September, and are 50 and 73% below their respective totals for October, 1942.

Civil engineering construction volumes for October, 1942, September, 1943 and October, 1943, are:

	Oct., 1942 (5 weeks)	Sept., 1943 (5 weeks)	Oct., 1943 (4 weeks)
Continental U. S. construction	$691,979,000	$264,285,000	$193,379,000
Private construction	37,041,000	46,308,000	47,314,000
Public construction	654,938,000	217,977,000	146,065,000
State and municipal	37,234,000	24,902,000	14,725,000
Federal	617,704,000	193,075,000	131,340,000

The October construction volume brings the 1943 total to $2,681,752,000, an average of $62,366,000 for each of the 43 weeks in the 10-month period. On the weekly average basis, 1943 construction volume is 67% below the $8,324,585,000 reported for the 44-week 10-month period in 1942. Private construction, $376,904,000, is 25% under a year ago, and public work, $2,304,848,000, is down 70% when adjusted for the difference in the number of weeks reported. State and municipal volume, $178,539,000, and Federal volume, $2,126,309,000, which combine to make up the public construction total, are 62 and 70% lower, respectively, than in the period last year.

All of the regions report decreases from their respective October, 1942, averages. The losses range from 43% in New England to 73% in both the South and the Middle Atlantic States.

New Capital

New capital for construction purposes for October totals $6,043,000, a decline of 70% from the volume for the month last year. The current month's total is made up of $5,208,000 in State and municipal bond sales, $820,000 in corporate security issues and $15,000 in RFC loans for public improvements.

New construction financing for 1943 to date, $3,043,250,000, is 67% below the $9,555,998,000 for the 44-week 10-month 1942 period. Private investment, $123,734,000, is 66% below a year ago; Federal financing of non-Federal work, $165,678,000, is 20% lower; and Federal appropriations for Federal work, $2,753,838,000, are down 69%.

Cotton Ginned from Crop of 1943 Prior to Nov. 1

The census report issued on Nov. 8, compiled from the individual returns of the ginners is shown below:

Number of bales of cotton ginned from the growth of 1943 prior to Nov. 1, 1943, and comparative statistics to the corresponding date in 1942 and 1941.

RUNNING BALES
(Counting round as half bales and excluding linters)

State—	1943	1942	1941
United States	*9,061,252	*9,713,354	*7,961,157
Alabama	861,071	807,758	733,534
Arizona	40,464	41,886	72,744
Arkansas	889,154	1,159,021	1,181,818
California	88,919	81,132	104,228
Florida	13,377	14,299	14,247
Georgia	752,749	768,222	588,737
Illinois	1,275	3,095	4,765
Kentucky	8,177	12,020	14,655
Louisiana	646,566	545,362	297,941
Mississippi	1,563,359	1,685,434	1,314,608
Missouri	221,978	328,584	407,683
New Mexico	53,260	44,056	29,553
North Carolina	501,168	509,583	487,659
Oklahoma	246,380	458,859	313,350
South Carolina	613,314	611,395	367,279
Tennessee	384,942	472,055	513,316
Texas	2,159,811	2,156,015	1,497,633
Virginia	15,288	14,578	17,407

*Includes 107,053 bales of the crop of 1943 ginned prior to Aug. 1 which was counted in the supply for the season of 1942-43, compared with 48,625 and 1,969 bales of the crops of 1942 and 1941.

The statistics in this report include no round bales for 1943; none for 1942 and 694 for 1941. Included in the above are 24,598 bales of American-Egyptian for 1943, 18,277 for 1942 and 18,981 for 1941; also 136 bales Sea-Island for 1943; 549 for 1942 and 2,570 for 1941.

The statistics for 1943 in this report are subject to revision when checked against the individual returns of the ginners being transmitted by mail. The revised total of cotton ginned this season prior to October 18 is 7,796,277 bales.

Consumption and Stocks—United States

Cotton consumed during the month of September, 1943, amounted to 872,109 bales. Cotton on hand in consuming establishments September 30, was 1,930,298 bales, and in public storages and at compresses 10,432,611 bales. The number of active consuming cotton spindles for the month was 22,631,338.

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

World Statistics

Because of war conditions and the difficulties in obtaining dependable world statistics such data are being omitted from this report for the time being.

Non-Ferrous Metals—Aluminum Supply Exceeds War Demands—Quicksilver Output Ordered Cut

Editor's Note—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Nov. 4, stated: "Though the demand-supply situation in copper, lead and zinc has not yet changed for the better, so far as WPB is concerned, the position of the light metals has been altered materially. During the last week, A. H. Bunker, director of the Aluminum-Magnesium Division, stated that the aluminum supply for the fourth quarter amounts to 871,200,000 pounds, against requirements of 774,000,000 pounds. Scrap aluminum available for resmelting now amounts to 700,000,000 pounds a year. Russia, he disclosed, has agreed to take one-third of its fourth quarter aluminum requirements in the form of secondary metal. The supply outlook in quicksilver is such that WPB has ordered a reduction in output and imports for 1944." The publication further went on to say in part as follows:

Copper

"The Copper Division of WPB continues to regard the copper situation as critical. However, opinion in the industry leans to the view that supply is more than ample for war needs. The stockpile has been increasing and is expected to show further gains over the remainder of the year. With the Government's stand on stockpiles and prices uncertain, fabricators are not inclined to carry more metal than necessary to cover business on their books.

"Quotations remained unchanged on the basis of 12¢, Valley.

Lead

"December lead figured in the tonnages booked during the last week and the sales volume improved. Sales are expected to show further improvement next week. Producers estimate that the needs of consumers so far as the current month is concerned have been covered to the extent of 75%.

"Announcement by WPB that premium prices in the 'B' range have been denied to lead mines not already operating, and to properties having low labor productivity, was accepted here as a logical move. The supply situation in lead is giving no concern to those in close touch with the commodity.

Zinc

"Washington advices indicate that the statistics of the industry may soon become available for publication. Those identified with the industry have known all along exactly where producers stood in reference to new supply, stocks on hand, etc. With the over-all supply picture improving, some hold that the need for continued secrecy no longer exists.

"Tri-State mine operators have been invited to serve as members of the Midwestern Zinc Mining Advisory Committee of WPB. A group representing the Western division of the industry was announced last week. A joint meeting of the mining groups, including the Eastern section, is scheduled to be held in Washington Nov. 12, with James Douglas, of WPB, as Chairman.

Aluminum

"With the supply position of aluminum improving, the WPB last week issued Supplementary Order M-1-i, as amended, permitting the use of the metal for certain purposes to relieve the strain on scarcer materials. Uses permitted include: Data and instruction plates; bus bars; electrical conductors and current carrying accessories; cooling fans for electrical motors as well as some structural parts; addition to galvanizing baths; bottom boards for use in foundries; jigs and fixtures used in aircraft construction; in coils and fins for refrigeration and heating equipment; certain X-ray equipment; and certain portable fire-fighting equipment.

Tin

"Consumption of tin is being restricted to a minimum and the trade looks for no early action pointing to relaxation of the control measures now in force. Imports of tin have increased in recent months, chiefly from African sources.

"The domestic market continues unchanged. 'Grade A' tin is being allocated on the basis of 52¢ a pound. Straits quality tin for shipment, in cents per pound, was as follows:

	Nov.	Dec.	Jan.
Oct. 28	52.000	52.000	52.000
Oct. 29	52.000	52.000	52.000
Oct. 30	52.000	52.000	52.000
Nov. 1	52.000	52.000	52.000
Nov. 2		— Holiday —	
Nov. 3	52.000	52.000	52.000

"Chinese, or 99% tin, continues at 51.125¢ a pound.

Quicksilver

"The War Production Board announced last week that domestic production and imports of quicksilver for the year 1944 for both private and Government purchase are each to be reduced to approximately 70% of the 1943 amount. This reduction, according to observers here, will still leave ample metal available for all possible needs. Though the price outlook on contract business remains uncertain the market for nearby quicksilver continues in New York at $195@$197 per flask.

Silver

"The post-war demand for silver for subsidiary coins and for those industrial uses in which the metal offers marked advantage over other materials may be such as to result in prices sufficiently high to maintain a large production of silver throughout the world, whatever be the policy of the Government regarding silver purchases, according to a report on 'Silver in Wartime,' by the U. S. Tariff Commission.

"The London silver market was unchanged at 23½d. throughout the week. The New York Official for foreign silver was 44¾¢, and Treasury's price 35¢, both unchanged."

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Nov. 6 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Oct. 23, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Oct. 23 (in round-lot transactions) totaled 1,214,840 shares, which amount was 17.59% of the total transactions on the Exchange of 3,453,110 shares. This compares with member trading during the week ended Oct. 16 of 904,702 shares, or 17.25% of total trading of 2,622,240 shares. On the New York Curb Exchange, member trading during the week ended Oct. 23 amounted to 342,175 shares, or 16.33% of the total volume on that exchange of 1,047,810 shares; during the Oct. 16 week trading for the account of Curb members of 201,890 shares was 16.22% of total trading of 622,415 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED OCTOBER 23, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	88,210	
‡Other sales	3,364,900	
Total sales	3,453,110	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	303,640	
Short sales	43,560	
‡Other sales	258,380	
Total sales	301,940	8.77
2. Other transactions initiated on the floor—		
Total purchases	206,270	
Short sales	14,310	
‡Other sales	153,230	
Total sales	167,540	5.41
3. Other transactions initiated off the floor—		
Total purchases	111,190	
Short sales	9,540	
‡Other sales	114,720	
Total sales	124,260	3.41
4. Total—		
Total purchases	621,100	
Short sales	67,410	
‡Other sales	526,330	
Total sales	593,740	17.59

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED OCTOBER 23, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	9,000	
‡Other sales	1,038,810	
Total sales	1,047,810	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	81,895	
Short sales	7,460	
‡Other sales	81,480	
Total sales	88,940	8.15
2. Other transactions initiated on the floor—		
Total purchases	51,170	
Short sales	500	
‡Other sales	33,375	
Total sales	33,875	4.06
3. Other transactions initiated off the floor—		
Total purchases	27,510	
Short sales	0	
‡Other sales	58,785	
Total sales	58,785	4.12
4. Total—		
Total purchases	160,575	
Short sales	7,960	
‡Other sales	173,640	
Total sales	181,600	16.33
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	46,627	
Total purchases	46,627	
Total sales	23,452	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Daily Average Crude Oil Production For Week Ended Oct. 30, 1943 Fell Off 26,800 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Oct. 30, 1943 was 4,382,950 barrels, a decline of 26,800 barrels when compared with the preceding week. The current figure, however, was 481,800 barrels per day in excess of the corresponding week last year, and exceeded the daily average figure as recommended by the Petroleum Administration for War for the month of October, 1943, by 10,050 barrels. Daily output for the four weeks ended Oct. 30, 1943 averaged 4,398,750 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,176,000 barrels of crude oil daily and produced 12,813,000 barrels of gasoline; 1,451,000 barrels of kerosine; 4,642,000 barrels of distillate fuel oil, and 7,968,000 barrels of residual fuel oil during the week ended Oct. 30, 1943; and had in storage at the end of that week 69,297,000 barrels of gasoline; 11,778,000 barrels of kerosine; 44,591,000 barrels of distillate fuel, and 63,838,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations October	*State Allowables Begin. Oct. 1	Actual Production Week Ended Oct. 30, 1943	Actual Production Change from Previous Week	4 Weeks Ended Oct. 30, 1943	Week Ended Oct. 31, 1942
Oklahoma	318,000	325,000	†329,400	+ 2,900	327,300	368,050
Kansas	294,300	274,800	†274,650	—10,100	280,500	297,700
Nebraska	1,800	----	†1,700	----	1,700	3,450
Panhandle Texas			88,100	----	88,100	98,500
North Texas			138,300	----	138,300	140,000
West Texas			354,050	----	354,050	214,000
East Central Texas			135,250	----	135,250	90,200
East Texas			368,700	----	368,700	362,000
Southwest Texas			288,150	----	288,150	167,700
Coastal Texas			519,350	----	519,350	321,000
Total Texas	1,871,300	‡1,884,429	1,891,900	----	1,891,900	1,393,400
North Louisiana			79,600	— 1,350	80,750	98,150
Coastal Louisiana			279,000	----	279,000	231,000
Total Louisiana	352,700	372,700	358,600	— 1,350	359,750	329,150
Arkansas	77,000	75,401	78,950	+ 500	78,550	73,350
Mississippi	50,000		46,450	— 750	46,900	69,200
Illinois	207,500		214,550	— 9,200	221,000	263,600
Indiana	13,800		13,300	— 50	13,650	15,900
Eastern— (Not incl. Ill., Ind. and Ky.)	79,500		76,900	+ 3,700	74,400	86,750
Kentucky	24,000		25,500	+ 1,350	24,800	11,200
Michigan	59,000		51,800	— 2,600	54,000	60,200
Wyoming	97,000		97,750	— 6,300	103,300	89,750
Montana	23,000		21,350	----	21,350	21,850
Colorado	7,000		7,100	— 100	7,250	7,000
New Mexico	111,000	111,000	112,550	----	110,950	99,500
Total East of Calif.	3,586,900		3,602,450	—22,000	3,617,300	3,190,050
California	786,000	§786,000	780,500	— 4,800	781,450	711,100
Total United States	4,372,900		4,382,950	—26,800	4,398,750	3,901,150

*P.A.W. recommendations and state allowables, as shown above, represent the production of Crude Oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:30 a.m. Oct. 28, 1943.

‡This is the net basic allowable as of Oct. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 8 days, the entire state was ordered shut down for 9 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 9 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED OCT. 30, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	2,108	86.3	6,131	30,966	22,291	18,434
Appalachian—								
District No. 1	130	83.9	102	78.5	295	1,568	906	219
District No. 2	47	87.2	49	104.3	150	715	113	170
Ind., Ill., Ky.	824	85.2	727	88.2	2.642	13,493	6,511	3,198
Okla., Kans., Mo.	416	80.1	347	83.4	1,223	6,464	2,436	1,334
Rocky Mountain—								
District No. 3	8	26.9	8	100.0	31	68	26	31
District No. 4	141	58.3	100	70.9	341	1,021	432	687
California	817	89.9	735	90.0	2,000	15,002	11,876	39,765
Tot. U. S. B. of M. basis Oct. 30, 1943	4,827	86.4	4,176	86.5	12,813	†69,297	44,591	63,838
Tot. U. S. B. of M. basis Oct. 23, 1943	4,827	86.4	4,160	86.2	12.654	68,796	43,309	64,747
U. S. Bur. of Mines basis Oct. 31, 1942			3,746		11,242	76,612	48,933	79,149

*At the request of the Petroleum Administration for War. †Finished, 59,039,000 barrels; unfinished, 10,258,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,451,000 barrels of kerosine, 4,642,000 barrels of gas oil and distillate fuel oil and 7,968,000 barrels of residual fuel oil produced during the week ended Oct. 30, 1943, which compares with 1,503,000 barrels, 4,572,000 barrels and 7,649,000 barrels, respectively, in the preceding week and 1,334,000 barrels, 4,258,000 barrels and 7,054,000 barrels, respectively, in the week ended Oct. 31, 1942.

Note—Stocks of kerosine at Oct. 30, 1943 amounted to 11,778,000 barrels, as compared with 11,653,000 barrels a week earlier and 12,635,000 barrels a year before. District No. 1 inventory indices are: Gasoline, 36.0%; kerosine, 51.9%; gas oil and distillate fuel, 55.7%, and residual fuel oil, 79.5% of normal.

September Life Insurance Sales Advance

The sale of ordinary life insurance in the United States in September amounted to $595,634,000, a 35% increase over the amount sold in the same month of 1942, according to the monthly survey issued by the Life Insurance Sales Research Bureau, Hartford, Conn. The total sales volume for the first nine months of 1943, aggregating $5,337,767,000, is 5% above the amount sold in the same period in 1942.

The sales volume and the ratios for all sections are reported by the Bureau as follows:

	SEPTEMBER, 1943 Sales Volume in $1,000	SEPTEMBER, 1943 Ratios '43-'42 All Cos.	YEAR TO DATE Sales Volume in $1,000	YEAR TO DATE Ratios '43-'42 All Cos.
U. S. Total	$595,634	135%	$5,337,767	105%
New England	43,778	128	407,791	101
Middle Atlantic	144,828	139	1,388,535	103
E. N. Central	129,887	131	1,185,348	103
W. N. Central	62,358	134	537,227	109
S. Atlantic	65,230	137	546,975	111
E. S. Central	25,200	133	214,919	104
W. S. Central	43,928	124	378,616	106
Mountain	18,054	143	153,904	119
Pacific	62,371	141	524,452	111

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Nov. 6 a summary for the week ended Oct. 30 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Oct. 30, 1943

	Total for Week
Odd-Lot Sales by Dealers: (Customers' purchases)	
Number of orders	16,616
Number of shares	423,381
Dollar value	17,057,915
Odd-Lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	353
*Customers other sales	17,288
Customers' total sales	17,641
Number of Shares:	
Customers' short sales	10,854
*Customers' other sales	430,492
Customers' total sales	441,346
Dollar value	15,347,189
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	450
†Other sales	141,780
Total sales	142,230
Round-Lot Purchases by Dealers—	
Number of shares	122,690

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended Oct. 30, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 465 mills reporting to the National Lumber Trade Barometer exceeded production by 4.8% for the week ended Oct. 30, 1943. In the same week new orders of these mills were 9.9% greater than production. Unfilled order files in the reporting mills amounted to 99% of stocks. For reporting softwood mills, unfilled orders are equivalent to 39 days' production at the current rate, and gross stocks are equivalent to 36 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 7.9%; orders by 9.1%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 13.8% greater; shipments were 21.6% greater; and orders were 39.3% greater.

WSA Appointments

The War Shipping Adminstration announced on Nov. 2 the appointments of Percy Chubb as Assistant Deputy Adminstrator for Fiscal Affairs, Commander Edmond J. Moran, U. S. N. R., as Assistant Deputy Administrator for Small Vessels, and Richard W. Seabury, who has been named Assistant Deputy Administrator for Maintenance and Repair.

Mr. Chubb, who had been Director of Wartime Insurance, was associated with a New York marine insurance firm prior to joining WSA in December, 1941.

Commander Moran was formerly head of a towing and transportation company before entering Government service in 1941.

New Cotton Exch. Member

Eric Alliot, President of the New York Cotton Exchange, announced that the Board of Managers have elected Charles W. Shepard, Jr., of Gadsden, Ala., to membership. Mr. Shepard is a member of the firm of Chas. W. Shepard & Co., and President of the Atlantic Cotton Association.

Revenue Freight Car Loadings During Week Ended Oct. 30, 1943 Decreased 21,641 Cars

Loading of revenue freight for the week ended Oct. 30, 1943, totaled 883,678 cars, the Association of American Railroads announced on Nov. 4. This was a decrease below the corresponding week of 1942 of 6,882 cars, or 0.8% and a decrease under the same week in 1941 of 11,067 cars or 1.2%.

Loading of revenue freight for the week of Oct. 30 decreased 21,641 cars, or 2.4% below the preceding week.

Miscellaneous freight loading totaled 409,232 cars, an increase of 2,250 cars above the preceding week, but a decrease of 22,053 cars below the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 106,544 cars, an increase of 600 cars above the preceding week, and an increase of 14,328 cars above the corresponding week in 1942.

Coal loading amounted to 146,145 cars, a decrease of 25,978 cars below the preceding week, and a decrease of 23,545 cars below the corresponding week in 1942.

Grain and grain products loading totaled 58,181 cars, a decrease of 1,484 cars below the preceding week, but an increase of 10,861 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of Oct. 30 totaled 39,121 cars, a decrease of 1,086 cars below the preceding week but an increase of 9,317 cars above the corresponding week in 1942.

Live stock loading amounted to 26,978 cars, a decrease of 772 cars below the preceding week, but an increase of 2,146 cars above the corresponding week in 1942. In the Western Districts alone loading of live stock for the week of Oct. 30 totaled 21,875 cars, a decrease of 916 cars below the preceding week, but an increase of 1,248 cars above the corresponding week in 1942.

Forest products loading totaled 43,912 cars, an increase of 100 cars above the preceding week but a decrease of 3,602 cars below the corresponding week in 1942.

Ore loading amounted to 77,311 cars, an increase of 3,587 cars above the preceding week and an increase of 14,044 cars above the corresponding week in 1942.

Coke loading amounted to 15,375 cars, an increase of 56 cars above the preceding week, and an increase of 939 cars above the corresponding week in 1942.

All districts reported decreases compared with the corresponding week in 1942, except the Eastern, Allegheny and Northwestern, and all districts reported decreases compared with 1941 except the Northwestern, Centralwestern and Southwestern.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3,350,996	2,793,630
5 weeks of May	4,149,708	4,170,548	4,160,060
4 weeks of June	3,151,146	3,385,655	3,510,057
5 weeks of July	4,307,406	4,185,135	4,295,457
4 weeks of August	3,554,446	3,487,905	3,581,350
4 weeks of September	3,545,823	3,503,383	3,540,210
Week of October 2	910,643	907,286	917,896
Week of October 9	906,276	909,250	903,877
Week of October 16	912,328	901,251	922,884
Week of October 23	905,319	903,262	913,605
Week of October 30	883,678	890,560	894,745
Total	36,022,941	36,751,433	35,820,756

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Oct. 30, 1943. During this period only 48 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED OCT. 30

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	364	413	612	1,412	1,297
Bangor & Aroostook	3,104	1,867	1,502	199	164
Boston & Maine	7,079	6,649	9,062	15,814	16,284
Chicago, Indianapolis & Louisville	1,248	1,541	1,732	1,935	2,028
Central Indiana	36	26	29	55	34
Central Vermont	1,038	1,044	1,618	2,526	2,241
Delaware & Hudson	5,689	6,369	6,573	12,279	12,834
Delaware, Lackawanna & Western	7,025	7,416	6,573	11,187	11,283
Detroit & Mackinac	299	454	592	109	165
Detroit, Toledo & Ironton	2,216	1,779	2,511	1,354	1,169
Detroit & Toledo Shore Line	394	344	381	2,857	2,905
Erie	14,002	12,093	15,760	19,682	16,826
Grand Trunk Western	4,069	4,276	6,014	7,948	8,100
Lehigh & Hudson River	210	243	168	2,429	2,969
Lehigh & New England	1,461	2,043	1,941	1,415	2,028
Lehigh Valley	8,023	8,522	9,328	14,719	12,585
Maine Central	2,438	2,466	3,097	4,647	3,235
Monongahela	3,472	5,900	6,419	442	361
Montour	1,931	2,316	2,332	36	24
New York Central Lines	54,033	50,244	55,268	53,177	55,954
N. Y., N. H. & Hartford	9,940	9,686	13,220	19,204	18,672
New York, Ontario & Western	1,449	960	1,137	2,376	2,424
New York, Chicago & St. Louis	7,450	7,894	7,008	15,946	15,632
N. Y., Susquehanna & Western	625	376	529	2,037	2,378
Pittsburgh & Lake Erie	8,135	8,294	9,331	7,658	8,829
Pere Marquette	5,843	6,292	7,395	7,805	7,021
Pittsburg & Shawmut	935	736	681	29	16
Pittsburg, Shawmut & North	351	464	423	283	256
Pittsburgh & West Virginia	1,051	1,064	1,187	2,994	2,489
Rutland	377	345	626	1,347	1,089
Wabash	6,397	6,178	6,277	13,646	13,458
Wheeling & Lake Erie	5,877	5,379	5,609	4,411	4,558
Total	166,561	163,673	187,693	231,958	229,308
Allegheny District—					
Akron, Canton & Youngstown	733	808	666	1,428	1,072
Baltimore & Ohio	44,694	40,782	42,170	31,373	28,822
Bessemer & Lake Erie	6,127	5,759	5,016	1,965	2,262
Buffalo Creek & Gauley	*302	307	274	*5	5
Cambria & Indiana	1,494	1,855	1,996	4	7
Central R. R. of New Jersey	6,274	7,699	8,265	19,710	20,052
Cornwall	627	706	661	67	41
Cumberland & Pennsylvania	166	232	247	12	20
Ligonier Valley	144	134	115	43	44
Long Island	1,300	1,333	880	3,245	3,616
Penn-Reading Seashore Lines	2,002	1,986	1,926	2,945	2,210
Pennsylvania System	84,941	85,097	88,743	66,547	68,502
Reading Co.	13,937	14,726	16,707	27,209	28,906
Union (Pittsburgh)	21,154	22,132	20,181	8,000	7,404
Western Maryland	4,017	3,896	4,424	11,403	13,102
Total	187,912	187,452	192,271	173,956	176,065
Pocahontas District—					
Chesapeake & Ohio	27,151	28,545	30,057	14,509	13,766
Norfolk & Western	20,419	22,458	22,465	6,876	8,490
Virginian	4,359	4,891	4,705	2,647	2,322
Total	51,929	55,894	57,227	24,032	24,578
Southern District—					
Alabama, Tennessee & Northern	324	359	412	344	395
Atl. & W. P.—W. R. R. of Ala.	724	756	892	3,333	2,634
Atlanta, Birmingham & Coast	722	750	769	1,305	1,271
Atlantic Coast Line	12,203	11,851	11,585	10,712	10,566
Central of Georgia	3,943	4,190	4,728	4,008	4,880
Charleston & Western Carolina	393	413	485	1,305	1,530
Clinchfield	1,693	1,880	1,815	2,085	2,666
Columbus & Greenville	348	526	393	230	374
Durham & Southern	105	140	197	390	453
Florida East Coast	1,248	966	479	1,564	1,520
Gainesville Midland	42	43	36	103	89
Georgia	1,130	1,352	1,676	3,382	2,599
Georgia & Florida	506	367	469	703	615
Gulf, Mobile & Ohio	4,010	4,479	4,118	4,055	4,776
Illinois Central System	29,516	30,633	27,684	18,867	17,277
Louisville & Nashville	20,255	26,169	26,443	12,474	12,215
Macon, Dublin & Savannah	171	203	212	775	688
Mississippi Central	267	184	145	494	541
Nashville, Chattanooga & St. L.	3,383	3,782	3,874	4,554	5,275
Norfolk Southern	960	1,315	1,197	2,063	1,453
Piedmont Northern	404	355	521	1,130	1,287
Richmond, Fred. & Potomac	357	409	468	10,420	10,194
Seaboard Air Line	11,048	10,515	10,577	8,550	8,689
Southern System	22,297	24,185	25,351	24,439	25,441
Tennessee Central	624	574	578	830	1,159
Winston-Salem Southbound	131	148	134	962	1,001
Total	116,810	126,544	125,238	119,077	119,588
Northwestern District—					
Chicago & North Western	22,612	21,029	22,158	15,220	15,893
Chicago Great Western	3,217	2,502	2,680	3,379	3,587
Chicago, Milw., St. P. & Pac.	21,546	22,175	22,985	10,706	10,623
Chicago, St. Paul, Minn. & Omaha	4,318	3,707	4,102	4,345	4,164
Duluth, Missabe & Iron Range	28,501	21,443	19,545	281	428
Duluth, South Shore & Atlantic	1,108	1,013	1,537	587	675
Elgin, Joliet & Eastern	8,815	9,867	10,127	11,190	11,471
Ft. Dodge, Des Moines & South	500	589	548	81	118
Great Northern	24,134	21,477	20,772	5,412	5,810
Green Bay & Western	624	539	691	869	752
Lake Superior & Ishpeming	1,283	2,757	2,543	53	40
Minneapolis & St. Louis	2,233	2,330	1,819	2,800	2,711
Minn., St. Paul & S. S. M.	8,013	7,273	8,038	3,143	3,415
Northern Pacific	14,270	14,129	13,752	5,966	5,435
Spokane International	114	203	205	517	559
Spokane, Portland & Seattle	2,393	2,737	2,710	3,392	3,411
Total	143,681	133,775	134,212	67,941	69,129
Central Western District—					
Atch., Top. & Santa Fe System	24,192	25,665	23,218	13,631	13,043
Alton	3,591	3,280	3,318	5,475	5,195
Bingham & Garfield	501	408	1,025	80	111
Chicago, Burlington & Quincy	21,311	22,669	19,625	13,706	14,431
Chicago & Illinois Midland	1,493	2,438	2,800	846	903
Chicago, Rock Island & Pacific	13,654	12,953	12,635	13,261	14,188
Chicago & Eastern Illinois	2,450	2,682	2,937	5,670	4,138
Colorado & Southern	1,384	1,540	1,519	2,354	1,988
Denver & Rio Grande Western	5,210	5,697	4,826	6,529	6,503
Denver & Salt Lake	669	882	742	19	12
Fort Worth & Denver City	1,401	1,553	1,141	1,685	1,669
Illinois Terminal	2,026	1,925	1,851	2,218	2,019
Missouri-Illinois	1,330	1,281	1,189	518	494
Nevada Northern	2,095	2,150	1,915	112	120
North Western Pacific	886	1,222	1,029	690	682
Peoria & Pekin Union	7	29	23	0	0
Southern Pacific (Pacific)	32,243	32,787	31,440	15,379	11,671
Toledo, Peoria & Western	458	430	335	1,929	2,057
Union Pacific System	21,383	22,461	22,838	19,261	18,602
Utah	599	612	423	13	2
Western Pacific	2,049	2,284	2,509	4,215	4,862
Total	138,932	144,948	137,338	107,591	102,708
Southwestern District—					
Burlington-Rock Island	247	298	284	172	310
Gulf Coast Lines	7,274	5,192	3,772	2,914	2,450
International-Great Northern	2,212	3,537	1,983	4,045	3,162
Kansas, Oklahoma & Gulf	277	385	224	1,272	1,273
Kansas City Southern	5,240	4,632	3,006	2,725	2,701
Louisiana & Arkansas	3,259	3,590	2,735	2,809	2,142
Litchfield & Madison	363	343	377	1,386	1,138
Midland Valley	695	727	750	333	350
Missouri & Arkansas	190	185	154	411	217
Missouri-Kansas-Texas Lines	5,917	7,197	4,676	5,082	6,228
Missouri Pacific	18,052	18,678	17,091	19,605	19,832
Quanah Acme & Pacific	116	133	141	255	263
St. Louis-San Francisco	8,529	10,117	9,220	9,493	9,091
St. Louis Southwestern	3,338	3,266	2,956	7,029	5,475
Texas & New Orleans	14,934	14,058	7,899	5,239	4,762
Texas & Pacific	7,038	5,767	5,296	7,218	7,852
Wichita Falls & Southern	93	144	184	70	39
Weatherford M. W. & N. W.	19	25	17	42	22
Total	77,853	78,274	60,766	70,100	67,312

*Previous week's figure.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
Aug. 7	177,541	146,515	600,338	94	93
Aug. 14	143,629	154,747	586,901	98	93
Aug. 21	133,446	150,012	568,361	95	93
Aug. 28	148,381	147,494	570,859	96	93
Sept. 4	177,766	150,943	598,255	97	93
Sept. 11	121,125	126,427	589,323	83	93
Sept. 18	153,708	157,082	583,714	98	93
Sept. 25	144,100	151,725	558,633	96	93
Oct. 2	164,954	152,479	579,800	97	93
Oct. 9	156,808	148,574	589,417	94	93
Oct. 16	156,044	148,293	595,257	95	93
Oct. 23	144,254	147,883	588,399	94	93
Oct. 30	144,413	143,686	587,324	93	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Morgenthau Says Soldiers Worry Over War Debt

In reporting his impressions gained from his recent tour of Mediterranean battlefronts, Secretary of the Treasury Morgenthau said on Nov. 4 that he had found soldiers worried over the accumulation of national debt and the prospect that in addition to fighting the war they would have also to pay for it in the years to come.

At his first press conference since returning to Washington, the Secretary said that the people ought to be paying at least half of the war costs now in view of the high national income.

In Washington advices, Nov. 4, to the New York "Times", the following additional was reported:

Mr. Morgenthau asserted that he was "tremendously impressed" both with American troops in the field and the maner in which the military government was conducting financial affairs. He described the Army as "the finest group of men in the world." The Allied Military Government's system is run on a businesslike basis and is functioning as a good business organization," the Secretary added.

Allied military currency, which is one of the things he went overseas to look into, is only one part of a very big picture, Mr. Morgenthau declared. Generally speaking, he reported, AMG is divided into three operations—AMG forward, which operates immediately behind the front lines; AMG rear, which organizes and controls liberated areas behind the front lines, and a third organization, now being formed under Maj. Gen. Kenyon A. Joyce to represent the Military Government at headquarters of the Badoglio government at Brindisi.

Regarding disposition of the military currency the Secretary said "very accurate books are kept on all of it and I'm satisfied at the way it's working."

Mr. Morgenthau's return from the Mediterranean battle fronts was noted on page 1803 of our Nov. 4 issue.

President Urges New War Effort On Armistice Day

In his annual Armistice Day proclamation, President Roosevelt on Oct. 29 called on the American people to devote themselves "wholeheartedly and with renewed fervor to every task that will contribute to the winning of the war."

The text of the proclamation follows:

"Whereas Nov. 11, 1943, is the 25th anniversary of the signing of the Armistice with Germany which terminated hostilities at the close of the first World War; and whereas Senate concurrent resolution 18 of the Sixty-ninth Congress, passed June 4, 1926, requests the President of the United States to issue a proclamation calling for the observance of Nov. 11 as Armistice Day; and

"Whereas we can best observe that day by rededicating ourselves, with the faith and loyalty of the men who fought and died for our cause during the first World War, to those tasks which are directed toward achieving victory in the present struggle;

"Now therefore, I, Franklin D. Roosevelt, President of the United States of America, do hereby call upon the people of the United States to observe Nov. 11, 1943, by devoting themselves wholeheartedly and with renewed fervor to every task that will contribute to the winning of the war; and I direct that the flag of the United States be displayed on all government buildings on that day."

Items About Banks, Trust Companies

At the regular meeting of the directors of Corn Exchange Bank Trust Company of New York held Nov. 3, E. Myron Bull, President of A. H. Bull, Inc., was elected a member of the Board.

Eugene W. Stetson, President of the Guaranty Trust Company of New York, November 4, announced the appointment of Gordon Bisland Duval as Second Vice-President in charge of the bank's Municipal Bond Department. Mr. Duval has been associated with Halsey, Stuart & Company as assistant to the Vice-President in charge of municipal bond buying. He was graduated from Princeton University in 1929.

The Guaranty Quarter Century Club, composed of employees, officers and directors of the Guaranty Trust Company of New York who have served the company for 25 years or more, held its annual dinner Nov. 3 at the Starlight Roof of the Waldorf-Astoria with 325 attending. The club has a total membership of 419, including a chapter in London, where the company has had offices for 47 years. Addresses were made by Joshua G. B. Campbell and Ogden B. Talbot, both members of the club. A Vice-President of the Guaranty Trust Company, James L. O'Neill, was among the 102 newly inducted members present who have become eligible for membership since the club's last meeting a year ago.

Tributes were paid to the 933 members of the Guaranty Trust Company staff who are in the country's armed forces. Among other senior officials of the bank attending the dinner, were W. Palen Conway, Chairman of the Board; William C. Potter, Chairman of the Executive Committee; Eugene W. Stetson, President, and Charles E. Dunlap, Director, who is President of the Berwind-White Coal Mining Co. Leo Szymanski was elected President of the club for the forthcoming year, succeeding Lawrence D. Scheu. Membership in the club is honorary. In addition to membership certificates and service emblems, members other than officers receive annually an extra week's vacation upon attainment of 25 years of service.

At the regular meeting of the Board of Directors of The National City Bank of New York held Nov. 9 Alvin J. Accola and Harry D. Hall were appointed Assistant Vice-Presidents, and James L. Armstrong was appointed Assistant Cashier.

George W. Loft, banker and founder of the Loft chain of candy stores, died at his home in Baldwin, Long Island, on Nov. 6. He was 78 years of age. Mr. Loft had formerly been a member of Congress. In advices from Baldwin Nov. 6 the New York "Times" stated:

Since his retirement from the candy business in the spring of 1929 Mr. Loft's activities had been laregly centered in this section of Long Island. He was President of the South Shore Trust Company and Chairman of the Board of the County Federal Savings and Loan Association, both in Rockville Center, and, until failing health intervened, he had helped in various civic movements.

He was also President of the George W. Loft Markets, which owns three markets in Westchester (White Plains, New Rochelle and Yonkers) and one in Parkchester, the Bronx.

Robert Fussell, Chairman of the Board and former President of the First National Bank of Media, Media, Pa., died on Oct. 27 at his home in Media. Mr. Fussell, who was 68 years old, had been associated with the Media bank for 50 years. He had been Chairman since 1938 and served as President for 20 years previous to that time.

Philip N. Talbott, Vice-President and Secretary of Woodward & Lothrop, Inc., has been elected to the Board of Directors of the Washington (D. C.) Loan & Trust Co. Mr. Talbott fills the vacancy left by the death of Arthur Peter, who was Chairman of the Board. Mr. Peter's death was noted in our issue of Nov. 4, page 1820.

Wood Netherland, Vice-President of the Mercantile-Commerce Bank & Trust Company of St. Louis and President of the State Bank Division of the American Bankers Association, died suddenly on Nov. 7. He was 54 years of age.

Born in Perry, Mo., Mr. Netherland began his banking career in the Perry State Bank. After serving overseas as a Second Lieutenant in the Air Corps during World War I, he joined the First National Bank of Fort Smith, Ark., as Assistant Cashier, later becoming Cashier.

In 1929 Mr. Netherland became Vice-President and Treasurer of the Federal Land Bank and the Federal Intermediate Credit Bank in St. Louis and a year later was elected President of both institutions, remaining in both positions until 1933, when he became general agent of the Farm Credit Administration. In 1934 he resigned to accept the Vice-Presidency of the Mercantile-Commerce Bank and Trust Company. Mr. Netherland was an authority on agricultural credits.

In the ABA Mr. Netherland held the following posts: 1935-1936, member, Committee on Banking Studies, Chairman Subcommittee on Government Lending Agencies; 1936-1937, Chairman, Committee on Banking Studies, Chairman, Executive Committee of Committee on Banking Studies; 1937-1938, member, Public Education Commission; 1938-1939, Member, Public Education Commission, and Membership Committee; 1939-1940, member, ABA Special Committee on Wagner Hearings, Executive Committee and Committee on The American System of Banking of the State Bank Division, and Chairman, Committee on Federal Legislation of the Division; 1940-1941, member, Executive Committee, Committee on The American System of Banking, and Chairman, Committee on Federal Legislation, all of State Bank Division; 1941-1942, Chairman, Executive Committee and Committee on Federal Legislation, and member, Committee on The American System of Banking, all of State Bank Division; 1942-1943, Vice-Chairman, Executive Committee of Committee on Federal Legislation, ABA, Chairman, Executive Committee and Committee on Federal Legislation of State Bank Division; 1943-1944, ex-officio member, Executive Council and Administrative Committee, ABA, and President, State Bank Division.

The United States National Bank of Portland, Oregon, has purchased the assets and physical properties of the Douglas National Bank of Roseburg, Oregon, and effective Monday, Nov. 1st, consolidated that bank with the United States National's Roseburg Branch, states an announcement by Paul S. Dick, President of the United States National Bank. The Douglas National Bank was organized in 1883. Deposits of the latter at the time of the Comptroller's call of Oct. 18th were $5,052,136 and those of the United States National Bank, $398,585,377.

R. S. Waldie has been elected President of the Imperial Bank of Canada, Toronto (head office), succeeding A. E. Phipps who becomes Chairman of the Board. Mr. Waldie was formerly Vice-President. H. T. Jaffray, General Manager, becomes General Manager and Vice-President. Col. J. F. Michie continues as Vice-President.

Sir Henry Strakosch, internationally known banker and economist, died on Oct. 31 at his home in Tadworth, Surrey, England. He was 72 years old.

The following regarding his career was reported in the New York "Herald Tribune" of Nov. 1:

An authority on gold and currency, Sir Henry was the first Chairman of the League of Nations Financial Committee. In this capacity he was a leader in the drafting and administration of plans for the financial recovery of European nations after the World War.

Sir Henry was Chairman of the Union Corporation, Ltd., a holding company for a vast group of mining enterprises ,and director of several South African and other companies.

Sir Henry was born in Brno, Czechoslovakia, and began his banking career in London at the age of 20. From 1895 until his death he was closely connected with South African industrial development, especially with the gold-mining industry.

He was the author of the South African currency and banking act of 1920, and in the same year represented South Africa at the International Financial Conference at Brussels. He was knighted the following year.

In 1923 he acted as financial adviser of the South African Government at the League of Nations Assemblies, the Genoa Conference and the Imperial Conference. He was a delegate for South Africa at the Assemblies of the League in 1923 and 1924, and a member of the financial committee of the League from 1920 to 1937.

Argentine Funds In U. S. Reported Frozen

Withdrawal By Argentina Of Gold Held in U. S.

The United States Treasury was reported authoritatively on Nov. 2 to have frozen funds of two of Argentina's biggest banks—El Banco de la Nacion and El Banco de la Provincia de Buenos Aires—as a war measure, according to an Associated Press dispatch from Montevideo, Uruguay.

The account further stated:

The banking institutions have been known as government banks, although both have engaged in commercial business.

A financial source said no specific reason for the action was given. In the past, however, the United States Treasury has taken similar measures against banks known to be doing business with black-listed firms and enemy nations. Argentina has not severed relations with the Axis.

[In Washington State Department sources said that no such action had been taken in Argentina as yet, but added that it was "highly possible." A spokesman said it was unwise for the United States Government to affirm or deny rumors of such action, since those rumors had originated in Argentina.]

Such an order from the United States Treasury would mean that both banks were barred from dealing in dollar credits, and that their funds, accounts and property in the United States could not be sold, transferred or used in any way except under license from the Treasury. The effect of such an order would be virtually to eliminate both banks from foreign exchange business, since nearly all inter-American trade is financed in dollars now.

El Banco de la Nacion, Argentina's largest, has an authorized capital of about 1,654,000,000 pesos ($41,350,000). El Banco de la Provincia de Buenos Aires has a capital of 125,000,000 pesos. The entire stock of the former is owned by the government, while the Buenos Aires Provincial government owns half the stock of the latter. Private citizens own the rest.

The informant said both banks had advised all their branches of the reported action.

Financial circles said the United States Treasury previously had taken steps to freeze the funds of certain Argentine individuals and firms, and that the blocking of the funds of the two large banks had been expected.

Advices (Associated Press) from Buenos Aires Nov. 7 indicated that Finance Minister Ameghino announced on Nov. 6 that Argentina had begun withdrawal of more than $200,000,000 in gold which had been held to the credit of the Argentine Central Bank in the United States. From these advices we also quote:

The gold had been on deposit with the Federal Reserve System. The first shipment has already left the United States and others will follow, Mr. Ameghino said.

The funds piled up here because of the favorable balance of trade which Argentina enjoys with the United States, and withdrawal is being made to reinforce the Argentine monetary reserve, Ameghino said.

The announcement from Buenos Aires follows too closely the freezing last week by the United States Treasury of funds held in this country by the Banco de la Nacion, owned by the Argentine Government, and Banco de la Provencia de Buenos Aires, owned 50% by Buenos Aires Province, to be interpreted as a retaliatory move, bankers stated over the week-end.

The Treasury's latest order means that accounts of these banks in this country cannot be operated without special Treasury licenses, which virtually eliminates them from the foreign exchange field.

Philippine Board Named For Post-War Planning

The Philippine Department of Information and Public Relations in Washington announced on Oct. 31 the creation of a Philippine Post-War Planning Board by Manuel L. Quezon, President-in-exile.

Mr. Quezon's proclamation, it is learned from Washington advices to the New York "Times," set forth the functions of the planning board as follows:

"To study and recommend plans for relief of the population immediately upon reoccupation of the Philippines, and to formulate proposals for the obtaining of such supplies as may be required for the restoration of public and private property.

"To study and recommend plans for the rapid rehabilitation and reconstruction of the Philippine economy, including agricultural, labor, industrial, financial and commercial rehabilitation and reconstruction, and to prepare plans for the development and improvement of Philippine natural resources, agriculture, trade, industry, shipping, public works, education, public health and nutrition, amid the new conditions that will exist after the defeat of the Axis.

"To study the post-war trade and other relationships between the Government of the Philippine Republic and other Governments, with particular reference to the United States and to the neighbors of the Philippines in the Far East.

"To study and recommend plans for the security of the Philippines after the defeat of Japan.

"And, in general, to survey, collect data on and analyze all post-war problems of the Philippines and to recommend plans and programs for the wise solution of these problems."

Third Quarter Rayon Yarn Output At Peak

Production of rayon filament yarn in the United States during the third quarter of 1943 established a new high quarterly record for all time states the "Rayon Organon," published by The Textile Economics Bureau, Inc., New York.

Output for the September quarter totaled 125,600,000 pounds, an increase of 1.6% compared with 123,600,000 produced in the previous quarter. Production for the nine months ended Sept. 30 totaled 370,700,000 pounds, a gain of 4.6% compared with the total of 354,400,000 pounds reported for the first nine months of 1942.

The Bureau's announcement made available Nov. 8 further stated:

"Third quarter production of viscose-cupra yarn totaled 85,700,000 pounds, a gain of 1.5% compared with second quarter production of 84,400,000 pounds and a gain of 10.2% compared with third quarter 1942 output of 77,800,000 pounds.

"Acetate yarn production totaled 39,900,000 pounds for the September quarter as compared with 39,200,000 pounds for the July quarter and 41,800,000 pounds for the September quarter last year.

"For the nine months ended Sept. 30 viscose-cupra yarn output totaled 249,900,000 pounds and acetate yarn output totaled 120,800,000 pounds against 230,000,000 pounds and 124,400,000 pounds respectively reported for the corresponding period in 1942.

"A continued steady increase also was reported for staple fiber output, reaching an all-time high of 41,200,000 pounds for the September quarter, making a total of 119,900,000 pounds produced during the first nine months of the year. The respective figures for 1942 were 39,800,000 pounds and 116,100,000 pounds."

October shipments of rayon filament yarn by American mills to domestic users amounted to 43,300,000 pounds, as compared with 40,200,000 pounds shipped in September and 41,100,000 pounds shipped in October last year, the "Rayon Organon" further disclosed, adding:

"For the ten months ended Oct. 31, rayon filament yarn shipments aggregated 407,500,000 pounds, an increase of 5% compared with shipments of 389,000,000 pounds during the corresponding period last year.

"Stocks of rayon filament yarn held by domestic producers totaled 7,100,000 pounds on Oct. 31, as compared with 7,800,000 pounds held on Sept. 30 and 7,700,000 pounds available on Oct. 31, 1942.

"October shipments of staple fiber to domestic consumers amounted to 13,000,000 pounds, as against 14,000,000 pounds in September and 12,600,000 pounds in October, 1942. Ten months' shipments aggregated 132,700,000 pounds, an increase of 5% compared with corresponding 1942 shipments of 126,200,000 pounds.

"Staple fiber stocks held by producers totaled 2,600,000 pounds on Oct. 31, against 2,800,000 pounds held on Sept. 30, 1943, and 4,100,000 pounds held on Oct. 31, 1942."

Nelson Back From Abroad

Donald M. Nelson, Chairman of the War Production Board, returned to Washington on Nov. 1 from a six weeks inspection of war production plants in Great Britain and Russia. Mr. Nelson arrived in London on Sept. 21 and held a series of conferences with Oliver Lyttelton, British Minister of Production, on further coordination of war output. He went to Moscow on Oct. 9 and later toured Russia's war plants.